

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

(Incorporated in the Cayman Islands with limited liability)

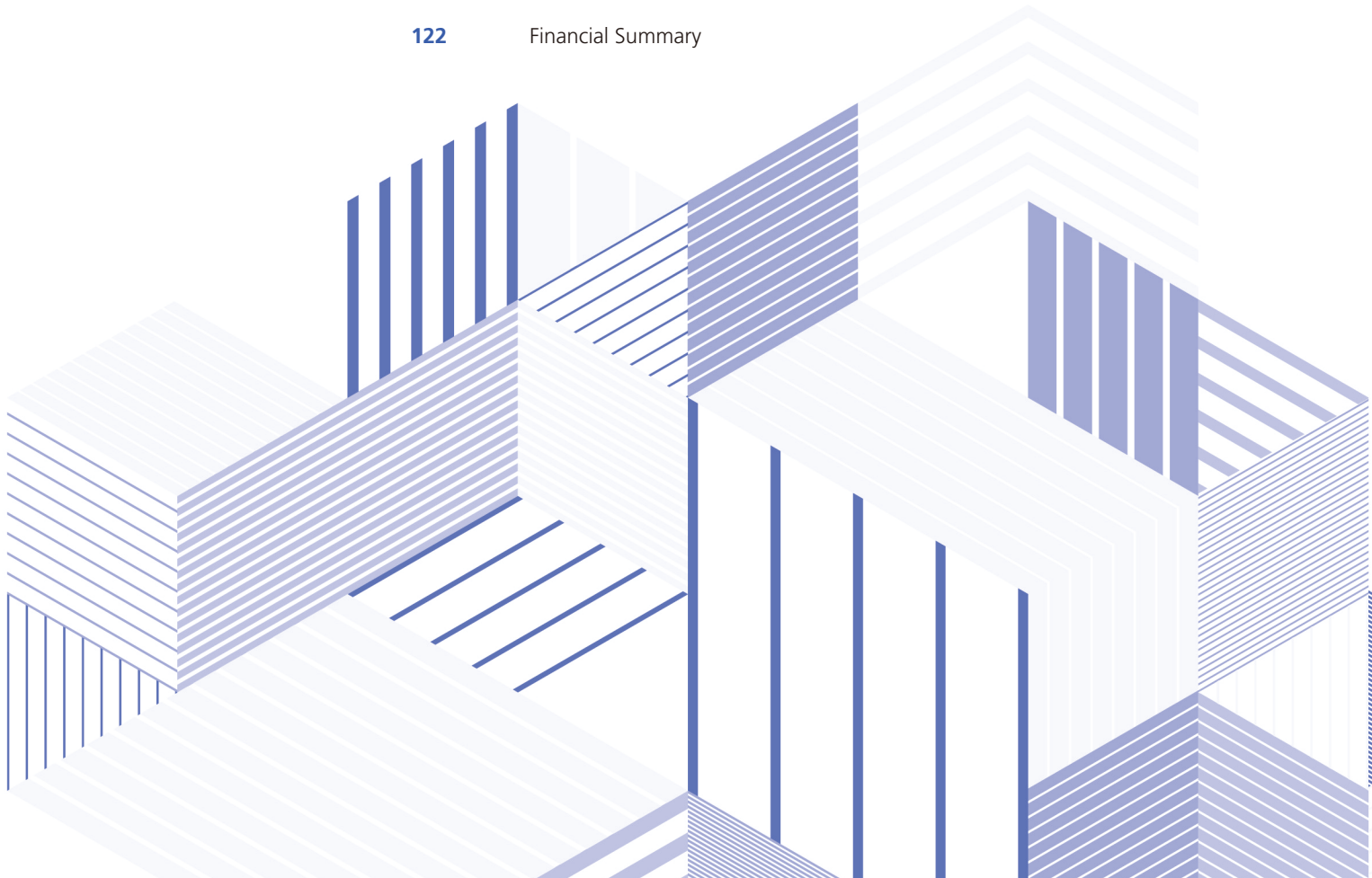
Stock code: 1581



2024 ANNUAL REPORT

CONTENTS

2	Corporate Information
3	Chairman’s Statement
4	Management Discussion and Analysis
13	Report of the Directors
21	Biographies of the Directors and Senior Management
25	Corporate Governance Report
35	Environmental, Social and Governance Report
48	Independent Auditor’s Report
53	Consolidated Statement of Profit or Loss and Other Comprehensive Income
54	Consolidated Statement of Financial Position
56	Consolidated Statement of Changes in Equity
57	Consolidated Statement of Cash Flows
59	Notes to the Consolidated Financial Statements
122	Financial Summary



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Wong Yiu Kit Ernest
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)
Mr. Leung Ka Fai (resigned on 28 March 2024)

AUDIT COMMITTEE

Mr. Lee Man Tai (*Chairman*)
Mr. Wong Yiu Kit Ernest
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)
Mr. Leung Ka Fai (resigned on 28 March 2024)

NOMINATION COMMITTEE

Ms. Tong Sze Sze Cecilia (*Chairman*)
(appointed on 28 March 2024)
Mr. Leung Ka Fai (*Former Chairman*)
(resigned on 28 March 2024)
Mr. Wu Wing Hang
Mr. Wong Yiu Kit Ernest

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Li Kin Fung

AUTHORISED REPRESENTATIVES

Mr. Wu Wing Hang
Mr. Li Kin Fung

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

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

COMPANY'S WEBSITE

www.ppgh.com.hk

STOCK CODE

1581

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of Directors (the "Director") of Progressive Path Group Holdings Limited (the "Company"), it is my pleasure to present to you the 2024 annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024 (the "Year").

The Group's revenue increased significantly by approximately 42.6% to approximately HK\$728.5 million for the Year as compared to approximately HK\$511.0 million for the year ended 31 March 2023. The Group's profit attributable to owners of the Company is approximately HK\$22.2 million for the Year as compared to a loss of approximately HK\$22.0 million for the year ended 31 March 2023. Such turnaround from loss to profit position is mainly attributable to (i) a substantial increase in revenue as a result of more new contracts and variation orders from existing projects undertaken by the Group and (ii) the improvement on gross profit margin resulted from the enhancement of costs control.

With the end of the COVID-19 pandemic, the economy of Hong Kong recorded moderate growth. The development of three-runway system ("3RS") project continued to be one of the largest infrastructure projects in Hong Kong of these few years. With the continuing support on infrastructure project in Hong Kong from the Hong Kong Special Administrative Region (the "HKSAR") government, the Group will continue to focus on its core business of foundation and site formation construction work and construction machinery rental business, so as to seize its share in the construction industry.

On the other hand, high interest rates have affected demand for private housing, resulting in a higher number of unsold units on the market. Consumer confidence in real estate development has not yet been restored, and real estate developers are focusing on construction costs and slowing down the development of real estate projects. The cost of construction including the material and staff costs moderately increased and price competition was still keen for the construction and its related businesses. In view of the current fierce competition and uncertain market prospects, the Group will maintain a prudent attitude in adopt different bidding strategies and continue to monitor the market carefully in the future while continuously improving efficiency in order to maintain the Group's competitiveness in the market and implement cost control measures to safeguard profitability.

Meanwhile, the Group is fully equipped with a robust fleet of machinery and a skilled team, ready to seize upcoming opportunities and expand market presence. We will continue to offer our diverse machinery fleet to ensure the ongoing provision of high-quality, reliable, and safe equipment to the construction market. The Board remains optimistic about the long-term development of the construction industry in Hong Kong, supported by the HKSAR government's commitment to various infrastructures and projects.

I would like to take this opportunity to express my respect for and appreciation to my fellow Board members, the management team, all staff members, suppliers, subcontractors and other business partners and, most importantly, our shareholders and customers for their support throughout the Year.

Wu Wing Hang
Chairman

Hong Kong, 27 June 2024



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The construction industry has shown signs of rebound this year, following a two-year downturn amid the COVID-19 epidemic. While private sector investments remain cautious due to global economic uncertainties and geopolitical tensions, public sector tendering has regained momentum, driven by the Hong Kong government's commitment to bolster public housing supply. With the continued development in the three-runway system ("3RS") of the Hong Kong International Airport and Kai Tak Development area, the demand for the construction market will remain strong in coming years.

Nevertheless, market competition remains intense, leading to decreased bidding prices for contracts, necessitating an attractive pricing strategy to sustain our competitiveness. Furthermore, Hong Kong's construction sector encounters challenges stemming from escalating material and labor costs.

In long-term, the HKSAR government is advancing plans for the development of a 'Northern Metropolis' spanning Yuen Long and Northern districts, encompassing approximately 300 square kilometers of land. This extensive project is anticipated to span 20 years and will entail the implementation of numerous infrastructure initiatives, including transportation networks, alongside the construction of residential and commercial properties. Moreover, as mentioned in the Chief Executive's 2023 Policy Address, the HKSAR government will build around 410,000 public housing units in the next decade to alleviate the prolonged wait times for public housing.

BUSINESS AND FINANCIAL REVIEW

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

The Group's profit attributable to owners of the Company is approximately HK\$22.2 million for the Year as compared to a loss of approximately HK\$22.0 million for the year ended 31 March 2023. Such turnaround from loss to profit position is mainly attributable to (i) a substantial increase in revenue as a result of more new contracts and variation orders from existing projects undertaken by the Group and (ii) the improvement on gross profit margin resulted from the enhancement of costs control.

During the Year, the development of 3RS is entering into another golden stage after the completion of land formation and reclamation work of third runway. The expansion of Terminal 2, construction of T2 Concourse, a new baggage handling system and automated people mover system are scheduled, the construction works on 3RS are in full swing. In addition, the development in Kai Tak Sports Park and Central Kowloon Route is still in progress, the Group has continued to contribute various types of construction machinery and vehicles for the associated projects.

In the future, our emphasis will remain on expanding our business through the undertaking of new construction projects and the providing of rental service for various construction machines and construction vehicles in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following highlights are the principal risks and uncertainties identified by the Group. Such factors are by no means exhaustive or comprehensive, and there may be other risks 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.

Operational Risks

The Group generates revenue from non-recurring construction projects, typically engaging in project-based contracts where customers are not obligated to award us new projects. Consequently, there is no assurance of securing additional business from existing clients, nor is there a guarantee of acquiring new projects upon completion of current backlog. As a result, revenue generation may fluctuate significantly from period to period.

Moreover, the Group may subcontract certain aspects of construction projects based on factors such as resource availability, cost efficiency, and project complexity. Subcontractor selection involves evaluating technical capability, job history, pricing competitiveness, labor resources, and safety performance. However, there is no guarantee of satisfactory work quality from subcontractors, which may lead to additional costs or liability under customer contracts due to delays or subpar performance.

Furthermore, extended receivable settlement periods, particularly during economic crises, are common in the construction industry. To alleviate financial liquidity pressures, the Group routinely conducts aging analyses and engages with customer management to assess solvency statuses.

Market Risks

All of the Group's revenue originates from operations in Hong Kong. Any adverse economic conditions beyond our control, such as local economic downturns, natural disasters, or outbreaks of infectious diseases, as well as adverse changes in government infrastructure spending, could significantly and negatively impact the Group's overall business and financial performance.

Furthermore, the construction machinery rental service is subject to constraints imposed by regulations from the Environmental Protection and Labour Department of the HKSAR. Changes in environmental and social issues may result in new legal challenges and policies, thereby increasing costs and burdens for the Group. To address such potential risks, we have invested in new environmentally-friendly machinery to replace older equipment, ensuring compliance with environmental requirements and safeguarding public health.



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Year, the Group had revenue generated from construction works and construction machinery rental. Set out below is the breakdown of revenue of the Group during the Year and the year ended 31 March 2023:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Construction works	408,405	200,578
Construction machinery rental	320,123	310,438
	728,528	511,016

Revenue from construction works

During the Year, the revenue derived from our seventeen projects (2023: fourteen projects) amounted to approximately HK\$408.4 million (2023: HK\$200.6 million), accounting for approximately 56.1% (2023: 39.3%) of our total revenue. Such increase in revenue was the results of more new contracts and variation orders from existing projects and newly awarded contracts undertaken by the Group during the Year and increase in revenue in construction works contributed by the construction projects in Kai Tak Sports Peak, Sze Mei Street and 3RS during the Year, despite the revenue from Tung Chung Area 100 project decreased as the peak period was over. The Group had awarded four new projects and ten contracts from existing projects during the Year. The Group has been actively participating in tenders for new public and private construction projects.

As at 31 March 2024, there were sixteen projects on hand with total outstanding contract sum amounting to HK\$143.0 million. Fourteen projects are expected to be completed in the year ending 31 March 2025, one project is expected to be completed in the year ending 31 March 2026, one project is expected to be completed in the year ending 31 March 2027 and none of them is expected to have any material interruption.

Subsequent to 31 March 2024, the Group has been awarded a contract from a new project and two contracts from an existing project with contract sum of approximately HK\$105.1 million.

Below set out a list of projects during the Year:

Site location/Project	Type of works	Status
Anderson Road Quarry Site	Foundation and site formation works	Work in progress
West Kowloon Drainage Improvement – Inter-reservoirs Transfer Scheme	Foundation and site formation works	Completed
Kai Tak Sports Park	Foundation and site formation works	Work in progress

MANAGEMENT DISCUSSION AND ANALYSIS

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



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from construction machinery rental

During the Year, the revenue derived from the construction machinery rental amounted to approximately HK\$320.1 million (2023: HK\$310.4 million), accounting for approximately 43.9% (2023: 60.7%) of our total revenue. The increase in construction machinery rental revenue of the Group was mainly due to the increase in demand on construction machinery rental on the construction work of the 3RS of the Hong Kong International Airport during the Year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's total gross profit increased by approximately HK\$54.1 million, from gross profit of approximately HK\$3.7 million for the year ended 31 March 2023 to approximately HK\$57.8 million for the Year while the gross profit margin increased by approximately 7.2% as compared with previous year. The increase in gross profit was mainly attributable to (i) substantial increase in revenue of construction work, while the depreciation cost of property, plant and equipment substantially remains relatively stable for the Year; (ii) improvement on rental price of construction machinery; and (iii) enhancement of costs control during the Year. Below set out the breakdowns of the gross profit and gross profit margin of the Group:

	Year ended 31 March			
	2024		2023	
	Gross Profit HK\$'000	Gross Profit Margin	Gross Profit (Loss) HK\$'000	Gross Profit (Loss) Margin
Construction works	31,400	7.7%	6,633	3.3%
Construction machinery rental	26,371	8.2%	(2,955)	(1.0%)
	57,771	7.9%	3,678	0.7%

OTHER INCOME

The other income of the Group for the Year amounted to approximately HK\$4.5 million, representing a decrease of approximately 76.1% compared with approximately HK\$18.9 million for the previous year. Such decrease is mainly due to the one-off recognition of non-recurring government grants from the 2022 Employment Support Scheme under the Anti-epidemic Fund launched by the HKSAR government for the previous year, while no such income was recognized for the Year.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for the Year amounted to approximately HK\$22.2 million, representing a decrease of approximately 7.1%, compare with approximately HK\$23.9 million for the previous year. Such decrease is mainly attributable to the effective cost control.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Provision for loss allowance on trade receivables, net	1,562	8,796
(Reversal of) provision for loss allowance on contract assets, net	(35)	1,147

The net provision for loss allowance on trade receivables and contract assets for the Year amounted to approximately HK\$1.5 million as compared to net provision of loss allowance of HK\$9.9 million for the previous year. The decrease in provision is mainly attributable to expected credit loss provision made under individual assessment for some customers working for projects on the 3RS of Hong Kong International Airport in previous year.

FINANCE COSTS

The Group's finance costs increased by 38.7% from approximately HK\$10.6 million for the previous year to approximately HK\$14.7 million for the Year. Such increase is mainly due to the increase in interest rate of the interest-bearing liabilities.

NET PROFIT (LOSS)

As a result of the abovementioned, the Group reported a turnaround from loss to profit position for net profit of approximately HK\$22.2 million for the Year as compared to net loss of approximately HK\$22.0 million for the previous year.

TREASURY POLICY

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2024, the Group had bank balances of approximately HK\$28.5 million (2023: HK\$27.3 million). The increase is mainly due to the cash generated from operations during the Year. The new bank borrowings during the Year were approximately HK\$240.5 million (2023: HK\$188.0 million). The total interest-bearing liabilities of the Group including bank borrowings and lease liabilities as at 31 March 2024 was approximately HK\$186.7 million (2023: HK\$213.0 million). The gearing ratio is calculated based on the amount of total interest-bearing liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2024 was approximately 72.7% (2023: 90.9%).



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 March 2024, the Group's bank borrowings and lease liabilities were secured by the ownership interest in leasehold land and building and machinery and equipment with an aggregate net carrying value of approximately HK\$169.4 million (2023: HK\$169.5 million), deposits and prepayments for life insurances with an aggregate net book value of approximately HK\$19.6 million (2023: HK\$14.6 million) and pledged deposits with an aggregate net book value of approximately HK\$5.8 million (2023: HK\$5.6 million).

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed 500 (2023: 505) staffs. Total staff costs including Directors' emoluments for the Year amounted to approximately HK\$221.9 million (2023: HK\$193.4 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the qualification and performance of each employee.

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

CAPITAL EXPENDITURE AND COMMITMENTS

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Motor vehicles	30,035	35,009
Machinery	26,243	129,040
Others	14	63
	56,292	164,112

As at 31 March 2024, the Group had no material capital commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 March 2024, the Group was not involved in any ongoing employees' compensation and personal injury claim (2023: one of the subsidiaries of the Group was involved in an ongoing personal injury claim). Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary.

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this report.

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

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

FINAL DIVIDEND

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

PROSPECTS

The prospects of Hong Kong's construction industry are influenced by a variety of factors ranging from economic conditions to regulatory changes and technological advancements. Historically, construction industry was a robust sector contributing significantly to Hong Kong's economy.

One of the key drivers for the construction industry in Hong Kong is infrastructure development. The HKSAR government's commitment to major projects such as the Hong Kong International Airport expansion, various rail expansions including the East Kowloon Line and Kai Tak rapid transit, and the ongoing development of Lantau Tomorrow Vision and Northern Metropolis are pivotal. These projects not only boost employment within the construction sector but also stimulate related industries such as architecture, engineering, and materials supply.

Moreover, Hong Kong's strategic position within the Greater Bay Area initiative enhances its role as a hub for trade, finance, and logistics. This integration provides additional opportunities for infrastructure development, including bridges, tunnels, and other connectivity projects that strengthen economic ties between Hong Kong and neighboring cities.



MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, the Group remains cautiously optimistic about the prospects of the construction industry in Hong Kong, driven by long-term land and housing development. We will actively explore new opportunities in our core businesses and seek diversification to balance risks and opportunities, ensuring satisfactory long-term returns for our shareholders.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) and (2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the change of information of Directors are as follow:

Mr. Leung Ka Fai resigned as an independent non-executive Director, chairman of the nomination committee and a member of the audit committee from 28 March 2024. Details were set out in the Company’s announcement dated 28 March 2024.

Ms. Tong Sze Sze Cecilia was appointed as an independent non-executive Director, chairman of the nomination committee and a member of the audit committee from 28 March 2024. Details were set out in the Company’s announcement dated 28 March 2024.

Save as disclosed in this annual report, there are no other changes to the Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) and (2) of the Listing Rules.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company while the principal subsidiaries are principally engaged in the construction works and provision of construction machinery rental services. Details of the principal activities of its subsidiaries are set out in notes 1 and 35 to the consolidated financial statements of this annual report. There was no significant change in the Group's principal activities during the Year.

BUSINESS REVIEW

Discussion and analysis of principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks facing the Group and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 4 to 12 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 53 of this annual report.

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

ANNUAL GENERAL MEETING ("AGM")

The 2024 AGM will be held on Monday, 12 August 2024. The notice of the AGM will be published and distributed to the shareholders of the Company in the manner as required by the Listing Rules on the Stock Exchange in due course.

Closure of Register of Members

The Hong Kong branch register of members of the Company will be closed from Wednesday, 7 August 2024 to Monday, 12 August 2024 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 6 August 2024.

PROPERTY, PLANT AND EQUIPMENT

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

RELATIONSHIP WITH KEY STAKEHOLDERS

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



REPORT OF THE DIRECTORS

Employees

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

Customers

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

Sub-contractors and Suppliers

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

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 122 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

SHARE CAPITAL AND SHARES ISSUED DURING THE YEAR

Details of movements during the Year in the share capital of the Company are set out in note 27 to the consolidated financial statements of this annual report.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 56 of this annual report.

As at 31 March 2024, the Group had retained profits amounted to approximately HK\$49,481,000 available for distribution to the Company's shareholders.

EQUITY-LINKED AGREEMENTS

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

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

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

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year and up to the date of this annual report. Details of the Share Option Scheme is set out in note 30 to the consolidated financial statements of this annual report.

DIRECTORS

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

Executive Directors

Mr. Wu Wing Hang

Mr. Chan Tak Ming

Independent Non-Executive Directors

Mr. Wong Yiu Kit Ernest

Mr. Lee Man Tai

Ms. Tong Sze Sze Cecilia (*appointed on 28 March 2024*)

Mr. Leung Ka Fai (*resigned on 28 March 2024*)

In accordance with article 108 of the Company’s articles of association (the “Articles”), Mr. Wu Wing Hang and Mr. Wong Yiu Kit Ernest will retire from office as Directors at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

In accordance with article 112 of the Articles, Ms. Tong Sze Sze Cecilia who was appointed as an independent non-executive Director on 28 March 2024, shall hold office until the date of the forthcoming AGM. She will retire and, being eligible, will offer herself for re-election at the forthcoming AGM.

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

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



REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACT

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

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

MANAGEMENT CONTRACTS

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

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

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

COMPETING INTERESTS

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

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders has made an annual declaration to the Company up to 31 March 2024, he/it has complied with the terms of non-competition undertakings ("Non-Competition Undertakings") given in favour of the Company. The INEDs have also reviewed the status of compliance by each of the controlling shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

REPORT OF THE DIRECTORS

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

As at 31 March 2024, interests and long positions in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules are as follows:

(i) Long position in the shares

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

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

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

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

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

(iii) Short positions

Other than as disclosed above, as at 31 March 2024, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.



REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2024, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the shares of the Company:

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

Notes:

- 244,398,000 shares were beneficially owned by Profit Gold, which is wholly owned by Mr. Wu.
- Ms. Kwok, being spouse of Mr. Wu, is deemed to be interest in the 244,398,000 shares held by Mr. Wu under the SFO.

Save as disclosed above, as at 31 March 2024, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

The approximate percentages of the Group's revenue and cost of sales attributable to major customers, subcontractors and suppliers during the Year and year ended 31 March 2023 are as follows:

	Year ended 31 March	
	2024	2023
Approximate % of total revenue		
from the largest customer	18.6%	15.8%
from the five largest customers in aggregate	59.3%	40.4%
Approximate % of cost of sales		
from the largest subcontractor	17.4%	18.3%
from the five largest subcontractors in aggregate	26.2%	21.2%
from the largest supplier	2.4%	2.5%
from the five largest suppliers in aggregate	8.6%	7.3%

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

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS/EXEMPTED CONTINUING CONNECTED TRANSACTIONS

With respect to the related party transactions as disclosed in note 31 to the consolidated financial statements of this annual report, all transactions which also constitute connected transactions or continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company as all the applicable percentage ratios are less than 0.1%. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in relation to any connected transactions and continuing connected transactions.

PUBLIC FLOAT

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

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this report.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. Lee Man Tai, Mr. Wong Yiu Kit Ernest and Ms. Tong Sze Cecilia. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2024 in conjunction with the Company's Auditor and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2024 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

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

The details of Group's compliance with the CG Code is set out in the Corporate Governance Report from pages 25 to 34 of this annual report.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$5,000 (2023: HK\$60,000).



REPORT OF THE DIRECTORS

DIRECTORS AND OFFICERS INSURANCE

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

ENVIRONMENTAL POLICIES

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

Details are set out in the Environmental, Social and Governance Report (the "ESG Report") from pages 35 to 47 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

On behalf of the Board

Wu Wing Hang

Chairman

Hong Kong, 27 June 2024

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wu Wing Hang (胡永恆) (“Mr. Wu”), aged 45, is the founder of our Group. Mr. Wu is also a member of the nomination and remuneration committee. He was appointed as a Director on 21 April 2016 and was designated as an executive Director on 13 July 2016. He was also appointed as the Chairman of our Group on 13 July 2016. He is currently responsible for overseeing the corporate strategy and operational management of our Group. Mr. Wu is also a director of all the subsidiaries of our Group.

Mr. Wu has over 26 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in City College in Hong Kong in 1995. In 2003, Mr. Wu established Luen Yau Construction Company. He established Luen Yau Construction Company Limited in December 2007 and served as its director.

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

Mr. Chan Tak Ming (陳德明) (“Mr. Chan”), aged 58, was appointed as Director on 31 May 2016 and was designated as an executive Director on 13 July 2016. He is currently responsible for overseeing the rental operation of our Group.

Mr. Chan has over 39 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in Oberlin College in Hong Kong in 1983. Mr. Chan joined our Group in August 2003 as a machine operator and was promoted to the position of head of machine rental department in July 2013.



BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Wong Yiu Kit Ernest (黃耀傑) (“Mr. Wong”), aged 56, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the remuneration committee and a member of the audit and nomination committees of our Company.

Mr. Wong has over 31 years of experience in venture capital, corporate finance, business development and general management. He is currently the president and the group chief financial officer of KVB Holdings Limited since November 2011. From October 2014 to August 2019, he worked for KVB Kunlun Financial Group Limited (now known as CLSA Premium Limited) (“Kunlun Financial”), a company listed on the Main Board of the Stock Exchange (stock code: 6877), as the chief financial officer and the company secretary. During the period from May 2018 to August 2019, he was concurrently an executive director of Kunlun Financial. He was an executive director of Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited) (“Adamas Finance”), a company listed on the London Stock Exchange (stock code: ADAM) and the Frankfurt Stock Exchange (stock code: 1CP1), from May 2008 to February 2014 and a non-executive director of Adamas Finance from February 2014 to June 2019. He worked at Hong Kong Applied Science and Technology Research Institute Company Limited from November 2002 to April 2008, where he last served as the chief financial officer. He was the vice president of Vertex Management (HK), an international venture capital firm in Singapore, from July 2000 to October 2002.

From October 2011 to June 2022, he was an independent non-executive director of RENHENG Enterprise Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3628).

He is currently an independent non-executive director of each of Kwong Luen Engineering Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1413), Aidigong Maternal & Child Health Limited, a company listed on the Main Board of the Stock Exchange (stock code: 286), Goldstone Investment Group Limited (Liquidators Appointed), a company listed on the Main Board of the Stock Exchange (stock code: 901) and C&D Newin Paper & Pulp Corporation Limited (formerly known as Samson Paper Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 731).

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

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

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Man Tai (李文泰) (“Mr. Lee”), aged 47, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the audit committee and a member of the remuneration committee of our Company.

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

Mr. Lee has over 22 years of experience in financial and auditing industries. He served as the chief financial officer and company secretary in several listed companies including China Yuanbang Property Holdings Limited, a listed company on the main board of Singapore Exchange Securities Trading Limited with stock code BCD between October 2006 to October 2012, China 33 Media Group Limited (stock code: 8087) between October 2012 and May 2014 and Flying Financial Service Holdings Limited (stock code: 8030) as the chief financial officer between July 2014 to April 2015 and company secretary between August 2014 to April 2015. He also served as the company secretary and financial controller of Chanco International Group Limited (with its name changed to China International Development Corporation Limited) (stock code: 264) from April 2015 to September 2015 and from April 2015 to January 2016 respectively. He is currently the chief financial officer and company secretary of China New Consumption Group Limited (formerly known as State Innovation Holdings Limited and Beaver Group (Holding) Company Limited), a company listed on GEM of the Stock Exchange (stock code: 8275) since June 2021 and August 2021, respectively.

Mr. Lee is currently an independent non-executive director of China Energy Development Holdings Limited (stock code: 228) since January 2016, Rizhao Port Jurong Co., Ltd (stock code: 6117) since December 2019 and Yunhong Guixin Group Holdings Limited (stock code: 8349), which are listed on the Stock Exchange.

Ms. Tong Sze Sze Cecilia (唐絲絲) (“Ms. Tong”), aged 54, was appointed as an independent non-executive Director on 28 March 2024. She is also the chairman of the nomination committee and a member of the audit committee of our Company.

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

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

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



BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Kwok Wai Sheung Melody (郭慧嫦) (“Ms. Kwok”), aged 46, is our human resources and administration manager. She is currently responsible for human resources management, training and education of employees.

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

Ms. Kwok has over 24 years of experience in the construction industry. She joined Luen Yau Construction Company in July 2003 as a human resources and administration manager. Prior to joining our Group, Ms. Kwok worked as a site clerk in Dickson Construction Co., Ltd. from September 1998 to December 2000 and China Harbour Engineering Co. from November 1997 to September 1998.

COMPANY SECRETARY

Mr. Li Kin Fung (李建鋒) (“Mr. Li”), aged 36, joined the Company as a finance manager in February 2018. He is a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries). He is also a Chartered Accountant of the Institute of Chartered Accountants in England and Wales.

He obtained a bachelor degree of Business Administration in Professional Accounting and Economics from The Hong Kong University of Science and Technology and a master degree in Corporate Governance from The Hong Kong Polytechnic University. He has over 13 years of experience in auditing, financial management and accounting. Prior to joining the Company, Mr. Li worked as an audit manager in the assurance department of an international audit firm.

CORPORATE GOVERNANCE REPORT

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

CORPORATE CULTURE

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

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

The composition of the Board is as follows:

Executive Directors

Mr. Wu Wing Hang (*Chairman*)

Mr. Chan Tak Ming

Independent non-executive Directors

Mr. Wong Yiu Kit Ernest

Mr. Lee Man Tai

Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)

Mr. Leung Ka Fai (resigned on 28 March 2024)

Biographical details of each Director and relationship between Board members are set out on pages 21 to 24 of this annual report. Save as disclosed in this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board.

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting
<i>Executive Directors</i>		
Mr. Wu Wing Hang	4/4	1/1
Mr. Chan Tak Ming	4/4	1/1
<i>Independent non-executive Directors</i>		
Mr. Wong Yiu Kit Ernest	4/4	1/1
Mr. Lee Man Tai	4/4	1/1
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)	N/A	N/A
Mr. Leung Ka Fai (resigned on 28 March 2024)	4/4	1/1

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

BOARD DIVERSITY

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

The Board comprises five Directors. Directors have a balanced mix of knowledge and skills, including knowledge and experiences in difference areas. They obtained degrees in various majors as well. Furthermore, the Board has a wide range of age, ranging from 45 years old to 58 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In terms of gender diversity, the Board currently comprises one female director (representing 20% of the Board), and will target to review the implementation and effectiveness of the board diversity policy on an annual basis as well as achieve an ultimate goal of gender parity as soon as practicable.

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



CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

In accordance with Rule 3.09D of the Listing Rules, Ms. Tong Sze Sze Cecilia, who was appointed as an independent non-executive Director on 28 March 2024, has obtained the legal advice on 27 March 2024 from a firm of solicitors in respect of the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Ms. Tong has confirmed that she understands her obligations as a director of the Company.

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

BOARD COMMITTEES

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

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Wu Wing Hang	–	M	M
Mr. Chan Tak Ming	–	–	–
Mr. Wong Yiu Kit Ernest	M	M	C
Mr. Lee Man Tai	C	–	M
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)	M	C	–
Mr. Leung Ka Fai (resigned on 28 March 2024)	M	C	–

Notes:

C – Chairman of the relevant committee

M – Member of the relevant committee

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE REPORT

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

The Audit Committee held two meetings during the Year to review, and recommend to the Board for approval, the audited consolidated financial statements of the Group for the year ended 31 March 2023, the unaudited interim financial report for the six-month period ended 30 September 2023 and reviewed the internal audit reports including the review and evaluation of internal controls. The individual attendance record of each member at the meetings of Audit Committee are set out below:

Name of member of the Audit Committee	Attendance/ Number of Meetings
Mr. Lee Man Tai	2/2
Mr. Wong Yiu Kit Ernest	2/2
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)	N/A
Mr. Leung Ka Fai (resigned on 28 March 2024)	2/2

Subsequent to the year ended 31 March 2024, the Audit Committee held one meeting and have reviewed and recommended to the Board for approval of the audited consolidated financial statements of the Group for the year ended 31 March 2024.

NOMINATION COMMITTEE

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

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

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

Name of member of the Nomination Committee	Attendance/ Number of Meetings
Ms. Tong Sze Sze Cecilia (appointed on 28 March 2024)	N/A
Mr. Leung Ka Fai (resigned on 28 March 2024)	2/2
Mr. Wu Wing Hang	2/2
Mr. Wong Yiu Kit Ernest	2/2

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



CORPORATE GOVERNANCE REPORT

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

REMUNERATION COMMITTEE

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

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

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

Name of member of the Remuneration Committee	Attendance/ Number of Meetings
Mr. Wong Yiu Kit Ernest	2/2
Mr. Wu Wing Hang	2/2
Mr. Lee Man Tai	2/2

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

COMPANY SECRETARY

The Company Secretary, who is also the chief financial officer of the Company, is a full time employee of the Company. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out on page 24 of this annual report under the section headed "Biographies of the Directors and Senior Management".

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

Whistleblowing Policy

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

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



CORPORATE GOVERNANCE REPORT

Anti-Corruption Policy

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

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

DISCLOSURE OF INSIDE INFORMATION

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

AUDITOR'S REMUNERATION

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

	Service Fee HK\$'000
Audit services	880
Non-audit services:	
– Interim report	250
– Others*	38
	288
Total	1,168

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

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

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

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

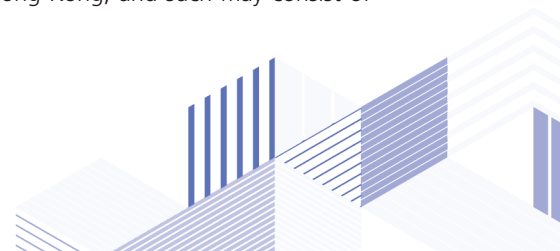
Having considered the multiple channels of communication and shareholders engagement in the general meeting held during the Year, the Board is satisfied that the shareholders communication policy has been properly implemented during the Year and is effective.

SHAREHOLDERS’ RIGHTS

How shareholder can convene an extraordinary general meeting

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

- (a) Pursuant to article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company (the “Eligible Shareholder(s)”) shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;
- (b) The written requisition must state the purposes of the meeting, signed by the Eligible Shareholder(s) and deposit it to the Board or the Company Secretary at the Company’s principal place of business at Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists;



CORPORATE GOVERNANCE REPORT

- (c) The requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (d) The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and
- (e) If within 21 days of such deposit the Board fails to proceed to convene such meeting the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures by which enquiries may be put to the Board

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

Procedures for putting forward proposals at shareholders' meeting

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

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

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Progressive Path Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), primarily engaged in construction works and the provision of construction machinery rental services, are pleased to present their Environmental, Social, and Governance (“ESG”) Report (“this Report”) for the year ended 31 March 2024 (the “Year”).

This Report is prepared in accordance with the “Environmental, Social, and Governance Reporting Guide” as set out in Appendix C2 of the Main Board Listing Rules (the “Reporting Guide”). It discloses the Group’s performance and practices concerning ESG issues and relevant key performance indicators (“KPIs”) covering its principal activities, which include construction works and the provision of construction machinery rental services.

The preparation of this report followed the principles of “Materiality”, “Quantitative” and “Consistency” set out in the Reporting Guide which detailed below.

Materiality: Materiality assessment was conducted and reviewed annually to assess ESG factors which are relevant and material to our business operations and stakeholders.

Quantitative: Quantitative KPIs in the ESG Report has been disclosed with explanation, and are applicable for comparisons.

Consistency: ESG data presented in the Report are prepared under consistent methodologies to allow meaningful comparisons of ESG data over time over the years.

BOARD STATEMENT

To ensure proper segregation of duties and accountability in ESG initiatives, the Group has established a governance structure. The Board holds overall responsibility for the Group’s ESG works, which includes approving strategy, managing risks and opportunities, reviewing performance, and reporting. Various social and environmental measures are integrated into the Group’s corporate strategy and operations. The implementation of ESG initiatives is delegated to management and key personnel from operational departments.

The Board identifies and assesses ESG-related risks and opportunities, setting clear objectives and principles, and providing strategic guidance to management. Management instructs key personnel from operational departments, overseeing the implementation of ESG activities, reviewing performance, and reporting to the management. Key personnel from operational departments are tasked with executing instructions from management, including collecting, recording, and monitoring environmental and social data.

Regular meetings are convened among the Board, management, and operational key personnel to comprehensively review and evaluate performance. These meetings serve to update stakeholders on industry trends and regulatory developments, ensuring alignment with evolving standards. Moreover, they facilitate ongoing tracking of progress towards established ESG goals and targets, fostering a culture of continuous improvement and accountability across the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ASSESSMENT AND COMMUNICATION

The Group recognizes its shareholders, customers, employees, suppliers, subcontractors, and governments as key stakeholders and is committed to fostering open and effective communication to enhance mutual trust between the Group and them. These stakeholders are considered key in stakeholder assessments because they significantly impact the Group's operations or are substantially affected by them.

During stakeholder assessments, the Board systematically identifies and categorizes stakeholders by consulting various operational departments within the Group. Leveraging ongoing communication channels and day-to-day interactions, the Group engages with these stakeholders to gather insights and understand their concerns and expectations. Additionally, the Group conducts thorough assessments to evaluate the influence and dependency of each stakeholder group.

MATERIALITY ASSESSMENT

To focus on the most relevant ESG issues for the Group and its stakeholders, the Group conducted an ESG materiality assessment to identify and determine the material ESG issues that are most pertinent. The assessment followed these steps:

1. **Identification:** The Board initiated the process by identifying a list of potential material ESG issues relevant to the Group's business operations. This was based on the guidelines provided in the Reporting Guide. The initial list included a wide range of possible issues reflecting various aspects of environmental, social, and governance considerations.
2. **Review and Prioritization:** The identified potential material ESG issues were then reviewed and analyzed. This step involved considering the expectations and concerns of stakeholders, which were gathered through ongoing communication channels and day-to-day interactions. The issues were prioritized based on their significance to stakeholders and their impact on the Group's operations.
3. **Confirmation:** The prioritized list of material ESG topics was then subjected to further review and discussion among the Board members. This collaborative process ensured that the final selection of material issues was comprehensive and aligned with both the Group's strategic objectives and stakeholder interests.

During the Year, the identified material ESG issues included GHG emissions, occupational health and safety, product responsibility, anti-corruption, and waste management. The results of the materiality assessment have been reviewed and approved by the Board regularly, ensuring that the Group can adjust its sustainability direction and formulate corresponding strategies and initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

Emissions

The Group incorporates environmental preservation into its business practices and ensures its operations comply with all applicable laws and regulations in Hong Kong.

Air pollutants and greenhouse gas (“GHG”) emissions

The Group’s primary sources of air pollutants and GHG emissions are diesel fuel consumed by Group-owned vehicles and electricity consumption at our head office. During the year, there was a significant increase in diesel fuel usage due to the higher volume of construction work and increased demand in machine rentals. The number of construction projects increased, requiring more machinery and consequently leading to higher diesel consumption.

We are aware of the increased diesel fuel usage and have implemented various measures to avoid, reduce, and control pollution and GHG emissions. For instance, we only switch on and operate the machinery when necessary and utilize more energy-efficient fuel for most of our vehicles and machinery, such as excavators and lorry cranes. This type of fuel provides better fuel efficiency, offering greater power and reducing overall usage. Additionally, we ensure that all diesel-driven equipment contains sulfur content no higher than 0.005%, in compliance with the Air Pollution Control Ordinance.

The Group is unable to collect usage data on each purpose because the Group’s owned vehicles are used for both construction and rental purposes. As a result, atmospheric emission data for nitrogen oxides and particulate matter are unavailable. Sulphur oxides produced by the combustion of diesel was about 36 kg (2023: 20kg).

GHG emission	Unit	2024	2023
Scope 1 – Fuel combustion	Tonne	5,798	3,289
Scope 2 – Purchased electricity	Tonne	3	3
Scope 3 – Other indirect ³	Tonne	3	3
Total GHG emissions	Tonne	5,804	3,295
GHG emission intensity ¹	Tonne/million HK\$ revenue	8	6

Note:

1. During the Year, the Group’s total revenue was approximately HK\$728.5 million (2023: approximately HK\$511.0 million). The data will also be used for calculating other intensity data.
2. The methodology adopted for reporting on greenhouse gas emissions set out above was based on “How to Prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
3. The Scope 3 GHG emissions include 2 tonnes CO₂ equivalent emissions from the disposal of paper waste and 1 tonne CO₂ equivalent emissions from business travel by employees. Business air travel by employees is calculated using the carbon emissions calculator on the website of the International Civil Aviation Organization.

We set a reduction goal to reduce the intensity of GHG emissions by 2–3% over the next five years in the year of 2022. In short term, we would make a conservative target to maintain lower GHG emission intensity in the coming year. To achieve it, we would strictly require switching off idling vehicles and only acquire more fuel-saving vehicles.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

The Group aims to reduce waste at its source. During the Year, the two main waste types generated by the Group's operations were construction waste and general office waste, with no hazardous waste generated. Before commencing construction works, the Group identifies the types of expected waste and plans ways to minimize waste generation. Additionally, the project team educates workers on the importance of waste reduction, recycling, and proper waste handling procedures, reusing materials whenever possible to reduce waste.

To handle construction waste, the Group strictly adheres to the requirements set by the main contractor and the Environmental Protection Department (EPD). All construction waste is disposed of in accordance with the Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong). If necessary, we engage qualified construction waste collectors to handle the waste properly.

During the Year, the Group disposed of approximately 358 tonnes of non-hazardous waste (construction waste) to landfills, sorting facilities, and public filling areas as required by the EPD (2023: 771 tonnes). The intensity of the non-hazardous waste was 0.49 tonnes per million HK\$ revenue (2023: 1.51 tonnes). Due to the varying nature of work and arrangements from main contractors at each construction site, setting a reduction target for construction waste is not applicable to us.

Regarding general office waste, the Group disposed of 461 kg of paper during the Year (2023: 564 kg), with an intensity of 0.6 kg per million HK\$ revenue (2023: 1.1 kg per million HK\$ revenue). To promote recycling, the Group has placed a recycling box next to the printer to collect single-sided used paper for reuse. Employees are required to sort and recycle waste to achieve waste reduction objectives. Despite the reduced paper usage compared to the previous year, we have set a conservative target to dispose of less paper in the coming year than the Year. This goal will be supported by introducing and encouraging more electronic methods for business communication.

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

Use of Resources

The Group is committed to implementing the "4Rs" principle – Reduce, Reuse, Recycle, and Replace – as a core strategy for resource management across its offices and site locations. This approach ensures the efficient utilization of resources such as paper, electricity, and water, while minimizing environmental impact.

To reduce paper usage, the Group actively promotes a shift towards a paperless office environment. Employees are encouraged to prioritize electronic communications and documents over traditional paper-based methods. This initiative not only reduces the consumption of paper but also decreases waste associated with printing and copying.

To minimize electricity usage, the Group ensures lights and electrical appliances such as computers and printers are switched off when not in use or when leaving the workplace. When replacing faulty appliances, priority is given to selecting energy-efficient products. Additionally, site offices utilize natural lighting and ventilation wherever feasible to further reduce reliance on artificial lighting and air conditioning. These measures collectively contribute to lowering energy consumption and promoting sustainable practices across our operations.

In line with the principle of reuse, the Group maximizes the utilization of single-sided used paper by collecting it for internal reuse purposes, unless it contains sensitive information that requires shredding. This practice not only conserves resources but also extends the lifecycle of paper products within the organization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For recycling, the Group has established centralized collection points for used office paper that is no longer needed. This collected paper is then processed through recycling channels, ensuring that it is diverted from landfills and reintroduced into the production cycle as recycled paper.

By integrating these practices into daily operations, the Group not only contributes to environmental sustainability but also sets a precedent for responsible resource management within the industry.

Water at project sites is supplied by the main contractor, while water at the head office is provided by the property management office. Sourcing water has not been an issue for us. Our water usage is minimal, primarily for sanitation purposes, and consumption data is recorded either by the main contractor or the property management office. As a result, water consumption data and water efficiency targets do not apply to us.

As a business in the construction industry, the Group is mainly engaged in the construction of infrastructure, real estate, urban complexes, etc., which do not involve consumption of packaging materials or packaging material-related businesses. Therefore, indicators related to packaging materials are not applicable to our operations.

During the Year, the natural resources consumed is as follows:

Use of natural resources	Unit	2024	2023
Direct energy consumption – Diesel	L	2,217,006	1,255,940
	L/million HK\$ revenue	3,043	2,457
Direct energy consumption – Petrol	L	1,197	2,496
	L/million HK\$ revenue	2	5
Indirect energy consumption – Electricity	kWh	7,619	8,313
	kWh/million HK\$ revenue	10	16

The increase in diesel consumption was mainly due to increase in machinery rentals and construction project works during the Year. To meet our reduction targets for natural resources, we will strive to achieve lower intensity in each category in the coming year. We plan to maximize the use of natural sunlight and operate machines only when necessary to minimize usage.

The Environment and Natural Resources

We carry out construction work in accordance with the policy and procedures certified by International Organization for Standardization (ISO) 14001:2015 Environmental Management Systems. Apart from emissions, it is inevitable that some negative effects on the environment will occur in terms of noise, construction waste, and wastewater. The Group has implemented measures to mitigate adverse environmental impacts as much as possible.

Regarding noise pollution, during our construction process, noise from the operation of vehicles and construction activities could be disruptive to nearby residents or workers. We have established noise pollution controls to comply with the Noise Control Ordinance (Cap. 400, Laws of Hong Kong). For instance, all construction activities carried out by us or our subcontractors are regulated by a system of Construction Noise Permits (“CNP”) issued by the EPD. General construction work using powered mechanical equipment is prohibited between 7 p.m. and 7 a.m., and at any time on general holidays, including Sundays, unless a valid CNP is in force.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For construction waste, we engage in careful planning and design before commencing work to reduce waste at the source and reuse as much material as possible during the process. When waste is generated, we ensure it is handled properly. We assign a site agent to each construction site to control and monitor the handling of construction waste, ensuring it is processed in a proper, timely, and effective manner.

Although we generate minimal wastewater in our operations, our site agents are required to implement wastewater pollution abatement measures according to the main contractor's requirements whenever possible. We have set up a wastewater collection basin at each construction site for wastewater handling.

CLIMATE CHANGE

The Group recognizes that climate change is one of the most pressing challenges facing the world today and is committed to enhancing its resilience to climate change by identifying climate risks and developing effective strategies to mitigate and adapt to the impacts of climate change on its operations.

	Risk description	Mitigation measures
Physical risk	<ul style="list-style-type: none"> ➤ Extreme weather conditions like rainstorms and typhoons pose acute physical risks to our work and disrupt supply chain logistics. ➤ Heatwaves pose a chronic safety risk to our outdoor workers. 	<ul style="list-style-type: none"> ➤ The Group has set up specific work arrangements and measures for potential environmental disasters, following relevant laws and regulations, to prevent chaotic situations and ensure safety. ➤ To reduce the risk of supply chain disruptions, the Group regularly reviews its list of approved suppliers to ensure alternate sources are available if extreme weather affects the supply chain. ➤ We provide sufficient rest time, water, and shaded areas at construction sites to protect workers from heatwaves.
Transition risk	<ul style="list-style-type: none"> ➤ Regulatory changes may raise our compliance costs for emissions. 	<ul style="list-style-type: none"> ➤ The Group will continue monitoring market and regulatory updates to ensure ongoing compliance.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

Employment

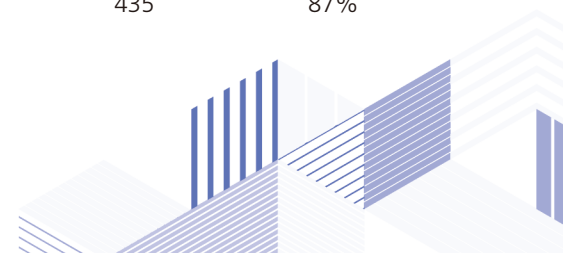
The Group believes that its business growth and success highly depend on its employees, whom it treasures as its most important resources. Therefore, we have established a comprehensive employment management system, detailing human resources policies in our staff handbook and internal control policies. This system ensures a fair and equitable environment for employees concerning compensation, recruitment, promotion, dismissal, working hours, rest periods, opportunities, and other benefits and welfare programs. Under our human resources policies, we comply firmly with the relevant laws and legislation such as the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282), Personal Data (Privacy) Ordinance (Cap. 486), Sex Discrimination Ordinance (Cap. 480) and Disability Discrimination Ordinance (Cap. 487) of the Laws of Hong Kong.

During our recruitment and promotion process, the human resources department adheres to open, fair, and merit-based management principles. We evaluate applicants and employees solely based on their qualifications, experience, skills, and performance, without regard to gender, race, ethnicity, age, or religion. To retain skilled employees, we conduct annual appraisals to review staff performance and provide valuable feedback for mutual improvement and self-development. Employees are also encouraged to express their opinions to our management at all times to make the work process more respectful, efficient, and effective.

When an employee decides to leave the company to pursue a better work environment, the Group arranges an exit meeting to understand their reasons and identify areas for improvement to enhance future employee retention. The Group does not permit unlawful or unfair dismissal of employees. Dismissal is only justified in cases of serious violations of the company's code of conduct or laws and regulations that endanger the Group or other employees.

As of 31 March 2024, the Group has 500 employees (2023: 505), all of whom are located in Hong Kong, including both office and site staff. Please refer to the table below for the composition of our staff. Due to the nature of our business, male employees constitute the majority of our workforce. Additionally, since the Group primarily operates in construction as a subcontractor, most of our employees are at the junior level.

	2024		2023	
	No. of staff	Distribution (%)	No. of staff	Distribution (%)
<i>Gender</i>				
Male	480	96%	482	95%
Female	20	4%	23	5%
<i>Age Group</i>				
18–25	11	2%	12	2%
26–35	56	11%	55	11%
36–45	116	23%	102	20%
46–55	140	28%	131	26%
56–65	146	30%	169	34%
66 or above	31	6%	36	7%
<i>Employment type</i>				
Full time staff	69	14%	70	13%
Casual staff	431	86%	435	87%



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group's employee turnover rate for full time staffs was about 23% (2023:17%). Since the casual workers leave and re-join the Group frequently during the Year, the turnover rate for them is not meaningful for disclosure. The turnover rate for full time employees which is categorized by gender and age group as follows:

2024:

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

2023:

Gender		Age Group					
Male	Female	18–25	26–35	36–45	46–55	56–65	>66
21%	–	60%	33%	10%	6%	9%	–

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

We noted an increase in the turnover rate this Year. We are committed to continuously modifying and upgrading our internal procedures to ensure employees are treated respectfully, have opportunities for self-development, and are provided with a competitive salary package. This approach enhances their sense of belonging and ultimately helps maintain professional skills and experience within the Group.

For the year ended 31 March 2024, the Group did not notice of non-compliance in laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Health and Safety

As providers of construction services, we recognize the various hazards inherent in the environment that may cause serious work injuries, such as falls from heights, working near heavy machinery, or exposure to hazardous chemicals. To mitigate these risks, the Group adheres to strict safety regulations and protocols, provides proper training and protective equipment to workers, and conducts regular safety inspections.

Our occupational health and safety system is certified under ISO 45001:2018, which includes robust safety and emergency policies and procedures as well as training plans that are regularly reviewed and updated according to the latest regulatory requirements.

In practice, to ensure that the construction site is safe for our workers and subcontractors, we have employed an Assistant Safety Officer (ASO). The ASO is responsible for performing risk assessments on construction sites, providing basic safety rules and training to our staff and subcontractors, regularly monitoring the work environment and staff facilities, acting as a key contact for emergency and injury reporting, and conducting annual safety assessments in both offices and sites. We maintain close communication and collaboration with main contractors to obtain timely updates from them. Safety meetings and site inspections are held regularly to monitor the health and safety of workers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Work procedures that contain risks identified by the ASO are reviewed carefully, and mitigation measures are implemented. Such risk areas and proposed handling measures are discussed with the site agent and staff to ensure comprehensive understanding. The Group has also engaged a registered safety auditor to oversee the implementation of health and safety policies and to update the policies to ensure that the Group maintains a high standard of health and safety.

We require all workers to wear Personal Protective Equipment properly, including safety helmets, harnesses, earplugs, goggles, dust masks, gloves, safety shoes, and reflective waistcoats. To ensure that workers are familiar with safety rules, procedures, and measures, the Group arranges safety training with a focus on frontline and operational personnel. Through pre-work education, project site broadcasts, and billboard measures, the Company raises the safety awareness of staff and guarantees operational safety.

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

Occupational health and safety statistics	2024	2023	
Number of work injuries	6	3	
Number of lost days due to work injury	778	398	
	2024	2023	2022
Number of work-related fatalities	Nil	Nil	Nil

During the Year, a worker was injured by our subcontractor's excavator at a construction site under our supervision and that of the main contractor. The related project site received a suspension notice from the Labour Department due to the imminent risk of death or serious bodily injury. The specific danger identified was the risk of workers being struck by an excavator. As of 31 March 2024, the Group has not received any fines or penalties regarding this matter. Our ASO has reviewed the work procedures to strengthen safety measures and remind all workers of the safety protocols. Additionally, updated training has been provided to workers at the construction site to raise their awareness.

During the Year, apart from above mentioned, the Group did not aware of any non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. The Group will continue to optimize its work practices to ensure the health and safety of its staff, with the goal of creating a safe, healthy, and comfortable working environment.

Training and Development

The Group deeply understands the relationship between staff's personal development and corporate growth. We recognize that the progress and well-being of our employees are directly linked to the success and advancement of the company.

We encourage staff to attend both internal and external training sessions relevant to their expertise. The Group regularly arranges training sessions for staff to cultivate professional skills. New hires are welcome to attend the induction session to learn about the Group's structure, objectives, employee duties, and health and safety policies in the workplace. On construction sites, we are committed to providing health and safety training to our employees in various areas, including workplace safety, the safe use of personal protective equipment, and operations involving manual handling. The Group ensures that all staff members have equal access to training opportunities, as it respects and supports employee self-development.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Except above mentioned induction training session, the Group has also organised both internal and external course to employees. During the Year, 29% (2023:22%) of our employees being trained with average training hours per employee 1.33 (2023:1.36 hours). The training details are as below:

	2024		2023	
	Training distribution (%)	Average training hours	Training distribution (%)	Average training hours
<i>Gender</i>				
Male	97% ¹	1.27	98% ¹	1.27
Female	3%	2.75	2%	3.39
<i>Employment Category</i>				
Senior	3%	23.25	5%	24.71
Middle	2%	0.88	2%	0.86
Entry	95%	1.07	93%	1.09

Note:

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

Labour Standards

The Group has established strict human resources and recruitment procedures to avoid any unlawful employment practices. We are committed to providing a responsible, fair, and equal work environment for all staff. Employment contracts between the Group and employees clearly outline job descriptions, duties, work hours, remuneration, and benefits before employment commences, ensuring the prevention of any form of forced labor.

Furthermore, the Group strictly prohibits any form of employment that would constitute child labor or involve illegal immigrants in our offices or on construction sites. During the recruitment process, our Human Resources department requires candidates to provide identification documents for verification to prevent any possibility of hiring child or illegal labor. In cases where instances of child labor or forced labor are discovered, immediate dismissal of the involved employees occurs, followed by a thorough investigation conducted by the Group.

During the year ended 31 March 2024, the Group did not aware of any non-compliance with relevant laws and regulations relating to preventing child and forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Supply Chain Management

As of 31 March 2024, the Group had 162 suppliers and subcontractors (2023: 97), all located in Hong Kong. The Group considers its relationships with suppliers and subcontractors as essential business partnerships crucial for securing the long-term prosperity of the Group. Quality control procedures are implemented across the supply chain, from the procurement of raw materials to the completion of construction works.

Each year, all suppliers and subcontractors undergo annual evaluations, as well as regular monitoring and assessments of their performance and compliance with environmental and social regulations. The Group has established a quality control system in accordance with the international standard ISO 9001:2015. When procuring goods or services, we ensure they come exclusively from approved suppliers on our list. To guarantee the quality of purchased materials, raw materials are tested by laboratories or testing companies when necessary.

To ensure the quality of services provided by our subcontractors, on-site staff are assigned to each construction site to monitor subcontractor performance and ensure compliance with our required environmental and social policies. Any findings on environmental or social issues are recorded and passed to corresponding subcontractors for their actions and improvements until our satisfaction. Supplier or subcontractor who has previously failed to satisfy the Group's standard will be subject to work reduction, suspended contracts, or replacement.

The Group recognizes the environmental and social risks linked to its supply chain. To minimize unnecessary consumption, our procurement department evaluates the necessity of products or services before proceeding with procurement. The Group prioritizes selecting suppliers based in Hong Kong to shorten transportation distances and reduce its carbon footprint.

When selecting new suppliers or subcontractors, in addition to evaluating their product or service quality, on-time delivery record, financial stability, past performance, and reputation, we also assess whether their products or work procedures have adverse environmental impacts and pose risks to staff safety and health. For example, we consider factors such as occupational health and safety practices, emissions and pollutants generated, noise levels, and management of waste materials. The Group prefers to work with suppliers or subcontractors who are accredited for their environmental and social responsibility. New suppliers or subcontractors with known violations in environmental protection or occupational health and safety regulations will be given lower priority for consideration.

Product Responsibility

The Group understands that maintaining good relationships with customers is key to success. Customer feedback on our services and products is essential as it helps us continuously improve. By receiving suggestions from our customers, we gain valuable insights that enable us to enhance our offerings and better meet their needs.

To maintain a strong and stable relationship with our customers, we prioritize providing high-quality services and establishing effective communication channels with them. Our commitment to quality is evident through our certified management systems accredited by ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. These certifications demonstrate our dedication to maintaining effective quality control and management practices across our operations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from adhering to our certified management systems, the Group ensures compliance with relevant laws and regulations in our construction and rental services. For instance, regarding our machinery, we obtain the Certificate of Test and Thorough Examination of Lifting Appliances from the Labour Department. Non-Road Mobile Machinery (NRMM), except those exempted, also comply with prescribed emission standards as required by the Environmental Protection Department of Hong Kong. Additionally, all operators are required to hold licenses issued by the Construction Workers Registration Board of the Construction Industry Council to operate the machinery and vehicles. These measures ensure that our operations meet stringent regulatory standards and contribute to a safe and compliant working environment.

During our construction project execution process, we maintain rigorous monitoring across all stages. Before commencing work, we conduct a planning meeting to review the scope of work, project duration, and highlight specific parts and risk areas. This ensures that the Group is fully prepared to undertake the project. The Project Manager arranges necessary machinery and coordinates with subcontractors to ensure adequate resources are in place before work begins.

Throughout the project duration, our Project Manager closely monitors progress to ensure compliance with applicable statutory and regulatory requirements. We maintain open communication with our customers regarding work progress, methods, timelines, and any challenges encountered. To promptly address customer feedback and queries, we have established a dedicated customer communication channel. Customer complaints are thoroughly investigated, and root causes are identified and addressed following our quality management system standards.

The Project Manager also oversees the implementation of appropriate training for our workers and subcontractors, ensuring they possess the necessary skills to perform their assigned tasks competently. Regular progress meetings are held to assess project performance, discuss potential risks that could impact the construction schedule, gather feedback from customers, and promptly resolve any project-related issues. These measures are integral to maintaining efficient project execution and upholding high standards of quality and safety. During the year ended 31 March 2024, the Group did not receive any complaints from customers regarding our services or the quality of our construction works.

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Anti-Corruption

The Group is committed to conducting its business professionally and ethically, taking every possible measure to ensure that all its operations comply with the applicable laws and regulations in Hong Kong.

The Group has established a staff handbook and an internal control manual, which outline our anti-corruption policy and whistleblowing programs. These policies require all directors, officers, and employees to adhere to them at all times. The Group prohibits any form of fraud, bribery, or corruption. A whistleblower policy has been established to encourage reporting of any misconduct or malpractice. A separate email address has been set up as a confidential whistleblowing channel for the Audit Committee, allowing employees to report issues anonymously. The Group will investigate each complaint promptly, fairly, and confidentially. Anyone attempting to obstruct an investigation or prevent the communication of concerns about malpractice or impropriety will be subject to disciplinary action, which may include dismissal.

During the Year, to stay updated on anti-corruption information, all Directors and senior management received publications on anti-corruption practices as part of their ongoing training. Additionally, updates on these issues were provided during our regular meetings to ensure that everyone remains informed and vigilant.

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

COMMUNITY INVOLVEMENT

The Group recognizes the importance of being a socially responsible corporate citizen and is committed to helping those in need and contributing to the growth and development of the communities where we operate. We carefully select and sponsor charitable and industry events that align with our values. Additionally, we make donations to these causes and encourage our staff members to volunteer their time and skills during their leisure hours.

During the Year, the Group provided cash sponsorship HK\$5,000 for the “Lap Dog Challenge 2023”, an event organized by The Lighthouse Club Hong Kong. The Lighthouse Club Hong Kong is a non-political organization that supports the construction industry in Hong Kong by promoting good fellowship among its members and providing charitable assistance to distressed individuals within the industry.

We will continue to strike a balance between operational development, environmental protection, and community investment, upholding our commitment to being a socially responsible corporate citizen.



INDEPENDENT AUDITOR'S REPORT



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

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

TO THE MEMBERS OF PROGRESSIVE PATH GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Progressive Path Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 53 to 121, which comprise the consolidated statement of financial position as at 31 March 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

REVENUE RECOGNITION FROM CONSTRUCTION WORKS

Refer to note 7 to the consolidated financial statements.

The key audit matter

During the year ended 31 March 2024, the Group recognised revenue from construction works of approximately HK\$408,405,000.

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

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

How the matter was addressed in our audit

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

LOSS ALLOWANCE ON TRADE RECEIVABLES AND CONTRACT ASSETS

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

The key audit matter

As at 31 March 2024, the carrying amounts of the Group's trade receivables and contract assets are approximately HK\$252,459,000 and HK\$47,420,000, net of accumulated loss allowance on trade receivables and contract assets of approximately HK\$33,438,000 and HK\$1,542,000, respectively. There is provision for loss allowance of HK\$1,562,000 on trade receivables and reversal of loss allowance of HK\$35,000 on contract assets during the year ended 31 March 2024.

In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group and the independent valuer used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments.

We have identified the loss allowance on trade receivables and contract assets as a key audit matter because the carrying amounts of trade receivables and contract assets are significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group and the independent valuer.

How the matter was addressed in our audit

Our audit procedures were designed to review the management's assessment, including its estimates and judgement adopted in the ECL model for the loss allowance on trade receivables and contract assets.

We have obtained an understanding of the methodology for the ECL model, development processes and its relevant controls, through review of documentation, discussion with management of the Group and independent valuer. We have also assessed the reasonableness of judgements and estimates made by the management of the Group and independent valuer on model adoption and parameters selection. We have examined the key data inputs in the ECL model on a sample basis to assess their accuracy and reasonableness.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.



INDEPENDENT AUDITOR'S REPORT

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

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong
27 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7	728,528	511,016
Cost of sales		(670,757)	(507,338)
Gross profit		57,771	3,678
Other income	8	4,528	18,929
Administrative expenses		(22,226)	(23,882)
Provision for loss allowance on trade receivables, net	18	(1,562)	(8,796)
Reversal of (provision for) loss allowance on contract assets, net	19	35	(1,147)
Finance costs	9	(14,654)	(10,565)
Profit (loss) before taxation		23,892	(21,783)
Income tax expense	10	(1,669)	(176)
Profit (loss) and total comprehensive income (expense) for the year	11	22,223	(21,959)
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		22,224	(21,959)
– Non-controlling interest		(1)	-
		22,223	(21,959)
EARNINGS (LOSS) PER SHARE	16		
– Basic and diluted (HK cents)		5.36	(6.76)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	17	233,264	280,280
Deposits paid for acquisition of property, plant and equipment		1,996	1,920
Pledged rental deposits	21(a)	-	799
		235,260	282,999
Current assets			
Trade receivables	18	252,459	177,609
Contract assets	19	47,420	53,137
Deposits, prepayments and other receivables	20	27,842	21,215
Pledged rental deposits	21(a)	799	-
Pledged bank deposits	21(b)	5,027	4,846
Bank balances and cash	22	28,459	27,307
		362,006	284,114
Current liabilities			
Trade and other payables	23	144,492	111,700
Bank borrowings	24	74,788	77,647
Income tax payable		184	56
Lease liabilities	25	58,819	68,681
		278,283	258,084
Net current assets		83,723	26,030
Total assets less current liabilities		318,983	309,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities	25	53,051	66,674
Deferred tax liabilities	26	9,320	7,966
		62,371	74,640
Net assets		256,612	234,389
Capital and reserves			
Share capital	27	20,750	20,750
Reserves		235,879	213,655
Equity attributable to owners of the Company		256,629	234,405
Non-controlling interest		(17)	(16)
Total equity		256,612	234,389

The consolidated financial statements on pages 53 to 121 were approved and authorised for issue by the board of directors on 27 June 2024 and are signed on its behalf by:

Wu Wing Hang
Director

Chan Tak Ming
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company				Total	Non-controlling interest	Total
	Share capital	Share premium	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	10,375	109,078	35,457	49,216	204,126	(16)	204,110
Issuance of shares upon rights issue (note 27)	10,375	43,575	–	–	53,950	–	53,950
Transaction costs on issuance of shares upon rights issue	–	(1,712)	–	–	(1,712)	–	(1,712)
Loss and total comprehensive expenses for the year	–	–	–	(21,959)	(21,959)	–	(21,959)
At 31 March 2023 and 1 April 2023	20,750	150,941	35,457	27,257	234,405	(16)	234,389
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	22,224	22,224	(1)	22,223
At 31 March 2024	20,750	150,941	35,457	49,481	256,629	(17)	256,612

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	23,892	(21,783)
Adjustments for:		
Government grants	(224)	(10,278)
Interest income from life insurance	(388)	(516)
Gain on disposal of property, plant and equipment	(508)	(649)
Provision for loss allowance on trade receivables	1,562	8,796
(Reversal of) provision for loss allowance on contract assets	(35)	1,147
Finance costs	14,654	10,565
Depreciation of property, plant and equipment	102,239	98,165
Operating cash flows before movements in working capital	141,192	85,447
Increase in trade receivables	(76,412)	(23,891)
Decrease (increase) in contract assets	5,752	(5,774)
(Increase) decrease in deposits, prepayments and other receivables	(1,714)	1,599
Increase in trade and other payables	33,704	21,443
Cash generated from operations	102,522	78,824
Hong Kong Profits Tax paid	(187)	(144)
NET CASH GENERATED FROM OPERATING ACTIVITIES	102,335	78,680
INVESTING ACTIVITIES		
Interest received	388	516
Purchase of property, plant and equipment	(12,506)	(39,240)
Deposits paid for acquisition of property, plant and equipment	(1,364)	(1,920)
Placement of pledged deposits	(5,027)	(4,846)
Withdrawal of pledged deposits	4,846	3,477
Purchase of life insurances	(4,913)	(2,688)
Proceeds from disposal of property, plant and equipment	609	1,095
NET CASH USED IN INVESTING ACTIVITIES	(17,967)	(43,606)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
FINANCING ACTIVITIES		
Repayment of principal element of lease liabilities	(65,927)	(75,784)
Interest paid	(14,654)	(10,565)
Repayment of bank borrowings	(243,344)	(189,198)
New bank borrowings raised	240,485	188,008
Government grants received	224	10,278
Proceeds from issuance of shares upon rights issue	–	53,950
Transaction costs on issuance of shares upon rights issue	–	(1,712)
NET CASH USED IN FINANCING ACTIVITIES	(83,216)	(25,023)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,152	10,051
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27,307	17,256
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	28,459	27,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Progressive Path Group Holdings Limited (the “Company”) is a limited company incorporated in the Cayman Islands under the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 December 2016. The immediate holding company and ultimate holding company of the Company is Profit Gold Global Limited (“Profit Gold”), a limited company incorporated in the British Virgin Islands (the “BVI”). The ultimate beneficial owner of the Company is Mr. Wu Wing Hang (“Mr. Wu”), the executive director of the Company. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies as set out in note 3.

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Change in accounting policy

New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund (“MPF”) – long service payment (“LSP”) offsetting mechanism

As disclosed in note 15, in June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Historically, the Group accounted for the offsetting mechanism by applying the practical expedient in HKAS 19.93(b). Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS19.93(a).

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

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

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the above amendments to HKFRSs will have no material impact on the consolidated results and the consolidated financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

The material accounting policies are set out below.

Basis of consolidation

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

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

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

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

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

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

The Group recognised revenue from the construction works.

Construction works

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

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

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

Revenue from construction works is recognised over time.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

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

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

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

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Leasing

Definition of a lease

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

The Group as lessee

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

Lease liabilities

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets

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

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

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

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

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

Lease modification

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by matching corresponding adjustments to the relevant right-of-use assets.

The Group as lessor

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

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

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

Borrowing costs

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

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

Government grants

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

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

Retirement benefits cost

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

Short-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit (loss) before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years.

Cash and cash equivalents

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

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

Investments in subsidiaries

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

Financial instruments

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Amortised cost and effective interest method

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Amortised cost and effective interest method (Continued)

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

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

Interest income is recognised in profit or loss and is included in the "other income" line item (note 8).

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk (Continued)

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

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

Definition of default

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Credit-impaired financial assets

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

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

Write-off policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Measurement and recognition of the ECL

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Revenue recognition from construction works

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

During the year ended 31 March 2024, the Group recognised revenue from construction works of approximately HK\$408,405,000 (2023: HK\$200,578,000).

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful life reflects the estimates of the periods made by the management of the Group that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. If the future economic benefits from the use of the Group's property, plant and equipment differs from the original estimates, such differences may impact the depreciation for the year and the estimates will be changed in the future period. During the year ended 31 March 2024, the management of the Group determined that there is no revision of useful lives of property, plant and equipment.

As at 31 March 2024, the carrying amount of property, plant and equipment is approximately HK\$233,264,000 (2023: HK\$280,280,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired or there is a reversal of impairment, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rate or the growth rates in the cash flow projection, could materially affect the recoverable amounts. As at 31 March 2024, the carrying amount of property, plant and equipment is approximately HK\$233,264,000 (2023: HK\$280,280,000) and there is no impairment loss recognised on property, plant and equipment (2023: nil).

Loss allowance on trade receivables and contract assets

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

As at 31 March 2024, the carrying amounts of the trade receivables and contract assets are approximately HK\$252,459,000 (2023: HK\$177,609,000) and HK\$47,420,000 (2023: HK\$53,137,000), net of accumulated loss allowance of approximately HK\$33,438,000 (2023: HK\$31,876,000) and HK\$1,542,000 (2023: HK\$1,577,000), respectively.

Provision for loss allowance on trade receivables of approximately HK\$1,562,000 (2023: HK\$8,796,000) and reversal of loss allowance on contract assets of approximately HK\$35,000 (2023: provision for loss allowance on contract assets of approximately HK\$1,147,000) have been recognised during the year ended 31 March 2024.

Income tax

As disclosed in note 26, a deferred tax asset of approximately HK\$7,739,000 (2023: HK\$10,017,000) in relation to unused tax losses of approximately HK\$46,903,000 (2023: HK\$60,709,000) has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately HK\$63,673,000 (2023: HK\$81,148,000) due to the unpredictability of future profit streams. In case where the actual outcome differs from the management's assessment above, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Retirement benefit obligations

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

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowings disclosed in note 24, lease liabilities disclosed in note 25, net of pledged deposits disclosed in note 21, bank balances and cash disclosed in note 22 and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised cost (including bank balances and cash)	298,318	218,974
Financial liabilities		
Financial liabilities at amortised cost	219,280	189,347

Financial risk management objectives and policies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk – interest rate risk

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

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

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2023: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2023: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would decrease/increase by approximately HK\$625,000 (2023: post-tax loss with increase/decrease of approximately HK\$649,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate bank borrowings.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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

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

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

The Group has concentration of credit risk as 12% (2023: 17%) and 4% (2023: 34%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively within the construction works segment and construction machinery rental segment as at 31 March 2024.

The Group's concentration of credit risk by geographical location is primarily in Hong Kong, which accounted for 100% (2023: 100%) of the total trade receivables as at 31 March 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

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

	Note	Internal credit rating	12-month or lifetime ECL	31 March 2024			31 March 2023		
				Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	285,897	(33,438)	252,459	209,485	(31,876)	177,609
Contract assets	19	Note	Lifetime ECL (simplified approach)	48,962	(1,542)	47,420	54,714	(1,577)	53,137
Deposits, other receivables and staff advance	20	Performing	12-month ECL	376	–	376	217	–	217
Deposits for life insurances	20	Performing	12-month ECL	11,198	–	11,198	8,196	–	8,196
Pledged deposits	21	Performing	12-month ECL	5,826	–	5,826	5,645	–	5,645
Bank balances and cash	22	Performing	12-month ECL	28,459	–	28,459	27,307	–	27,307

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

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

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

The table includes both interest and principal cash flows.

	As at 31 March 2024				Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	
Trade and other payables	144,492	–	–	144,492	144,492
Bank borrowings	74,788	–	–	74,788	74,788
	219,280	–	–	219,280	219,280

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

Lease liabilities	65,816	37,312	19,875	123,003	111,870
-------------------	--------	--------	--------	---------	---------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	As at 31 March 2023				Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	
	Trade and other payables	111,700	–	–	
Bank borrowings	77,647	–	–	77,647	77,647
	189,347	–	–	189,347	189,347

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

Lease liabilities	75,305	46,818	29,968	152,091	135,355
-------------------	--------	--------	--------	---------	---------

As at 31 March 2024, bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank borrowings amounted to approximately HK\$74,788,000 (2023: HK\$77,647,000). Taking into account the Group's consolidated financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash flows will amount to approximately HK\$77,537,000 (2023: HK\$81,184,000).

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION

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

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
– Construction works	408,405	200,578
<i>Revenue from provision of machinery rental within the scope of HKFRS 16</i>		
– Construction machinery rental	320,123	310,438
	728,528	511,016

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

	2024 HK\$'000	2023 HK\$'000
<i>Timing of revenue recognition</i>		
– Over time	408,405	200,578

Transaction price allocated to the remaining performance obligations

As at 31 March 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$143,046,000 (2023: HK\$180,764,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 27 (2023: 18) months.

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

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

- Construction works; and
- Construction machinery rental

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the year ended 31 March 2024

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2023

	Construction works HK\$'000	Construction machinery rental HK\$'000	Total HK\$'000
Revenue			
External revenue	200,578	310,438	511,016
Inter-segment revenue	–	149,032	149,032
Segment revenue	200,578	459,470	660,048
Eliminations			(149,032)
Group's revenue			511,016
Segment profit (loss)	889	(19,715)	(18,826)
Unallocated income			18,929
Unallocated corporate expenses			(11,321)
Unallocated finance costs			(10,565)
Loss before taxation			(21,783)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2024 HK\$'000	2023 HK\$'000
Construction works	199,689	171,836
Construction machinery rental	344,319	347,226
Total segment assets	544,008	519,062
Corporate and other assets	53,258	48,051
Total assets	597,266	567,113

Segment liabilities

	2024 HK\$'000	2023 HK\$'000
Construction works	134,469	113,881
Construction machinery rental	119,871	131,162
Total segment liabilities	254,340	245,043
Corporate and other liabilities	86,314	87,681
Total liabilities	340,654	332,724

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

- All assets are allocated to operating segments, other than pledged deposits, deposits and prepayments for life insurances, certain other receivables and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segment; and
- All liabilities are allocated to operating segments, other than certain other payables, bank borrowings, income tax payable, long service payment liabilities and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

In measuring the Group's segment assets and liabilities, property, plant and equipment and lease liabilities of approximately HK\$233,264,000 (2023: HK\$280,280,000) and HK\$111,870,000 (2023: HK\$135,355,000) were allocated to construction works and construction machinery rental segments. However, the relevant gain on disposal of property, plant and equipment and interest on lease liabilities of approximately HK\$508,000 (2023: HK\$649,000) and HK\$8,837,000 (2023: HK\$6,895,000) respectively were not included in the measurement of segment results. Should the gain on disposal of property, plant and equipment and interest on lease liabilities be included in the measurement of segment results, the segment profit of construction works would be approximately HK\$24,020,000 (2023: segment loss of approximately HK\$983,000) and segment profit of construction machinery rental would be approximately HK\$12,001,000 (2023: segment loss of approximately HK\$24,089,000) for the year ended 31 March 2024.

Other segment information

For the year ended 31 March 2024

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2023

	Construction works HK\$'000	Construction machinery rental HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets (note)	64,415	99,697	–	164,112
Deposits paid for acquisition of property, plant and equipment	754	1,166	–	1,920
Depreciation of property, plant and equipment	38,531	59,634	–	98,165
Provision for loss allowance on trade receivables, net	2,637	6,159	–	8,796
Provision for loss allowance on contract assets, net	1,147	–	–	1,147
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of property, plant and equipment	–	–	(649)	(649)
Finance costs	–	–	10,565	10,565
Income tax expense	–	–	176	176

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	135,369	N/A ²
Customer B ¹	118,850	80,886

¹ Revenue from construction works and construction machinery rental segments

² The corresponding revenue did not contribute over 10% of the total revenue of the Group

Geographical information

During the years ended 31 March 2024 and 2023, the Group is organised into two operating segments as construction works and construction machinery rental primarily in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to these segments. Accordingly, no geographical information is presented.

8. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government grants (note)	224	10,278
Sales of scrap materials	115	3,678
Interest income from life insurance	388	516
Insurance claims	783	169
Rental income	2,260	2,640
Auxiliary and other service income	250	999
Gain on disposal of property, plant and equipment	508	649
	4,528	18,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. OTHER INCOME (Continued)

Note: During the year ended 31 March 2024, the Group received government grants in respect of construction technologies adopted under the Construction Innovation and Technology Fund from the Hong Kong Special Administrative Region Government (the "HKSAR Government") with amount of HK\$224,000 (2023: nil) recognised.

During the year ended 31 March 2023, the Group received government grants in respect of the Employment Support Scheme from the HKSAR Government with amount of HK\$10,278,000 (2024: nil) recognised.

Government grants has been recognised as other income either (i) on a systematic basis over the periods in which the Group recognises the staff costs for which the government grants are intended to compensate; or (ii) upon receipts for grants with no unfulfilled conditions or contingencies. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on:		
– bank borrowings	5,817	3,670
– lease liabilities	8,837	6,895
	14,654	10,565

10. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
– Hong Kong Profits Tax	315	170
Under-provision in prior years:		
– Hong Kong Profits Tax	–	27
Deferred taxation (note 26)	1,354	(21)
Income tax expense	1,669	176



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10. INCOME TAX EXPENSE (Continued)

Notes:

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

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

	2024 HK\$'000	2023 HK\$'000
Profit (loss) before taxation	23,892	(21,783)
Tax calculated at the domestic income tax rate of 16.5% (2023: 16.5%)	3,942	(3,594)
Tax effect of expenses not deductible for tax purpose	771	704
Tax effect of income not taxable for tax purpose	(157)	(1,796)
Tax effect of tax losses not recognised	24	4,841
Tax effect of utilisation of tax losses previously not recognised	(2,908)	–
Effect of tax exemption granted (note)	(3)	(6)
Under-provision in prior years	–	27
Income tax expense	1,669	176

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2023/2024 to a ceiling of HK\$3,000 (2023: year of assessment 2022/2023 to a ceiling of HK\$6,000) for each entity respectively.

Details of the deferred taxation are set out in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit (loss) and total comprehensive income (expense) for the year has been arrived at after charging:		
Directors' emoluments (note 12)	4,362	4,361
Other staff:		
– Salaries, wages, allowances and other benefits	211,715	183,580
– Retirement benefits scheme contributions	5,820	5,482
Total staff costs	221,897	193,423
Auditor's remuneration	880	880
Depreciation of property, plant and equipment	102,239	98,165
Exchange loss	11	63



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. DIRECTORS' EMOLUMENTS

The emoluments paid to each of the 6 (2023: 5) directors were as follows:

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings for the year are as follows:					
Year ended 31 March 2024					
<i>Executive directors</i>					
Mr. Wu (note (i))	–	3,575	–	18	3,593
Mr. Chan Tak Ming (note (i))	–	390	–	18	408
<i>Independent non-executive directors</i>					
Mr. Lee Man Tai	120	–	–	–	120
Mr. Leung Ka Fai (note (ii))	120	–	–	–	120
Mr. Wong Yiu Kit, Ernest	120	–	–	–	120
Ms. Tong Sze Sze, Cecilia (note (iii))	1	–	–	–	1
	361	3,965	–	36	4,362
Year ended 31 March 2023					
<i>Executive directors</i>					
Mr. Wu (note (i))	–	3,575	–	18	3,593
Mr. Chan Tak Ming (note (i))	–	390	–	18	408
<i>Independent non-executive directors</i>					
Mr. Lee Man Tai	120	–	–	–	120
Mr. Leung Ka Fai	120	–	–	–	120
Mr. Wong Yiu Kit, Ernest	120	–	–	–	120
	360	3,965	–	36	4,361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. DIRECTORS' EMOLUMENTS (Continued)

Notes:

- (i) The emoluments paid to executive directors of the Company include emoluments paid to them in respect of their other services in connection with the management of the affairs of the Company and its subsidiaries undertakings.
- (ii) Mr. Leung Ka Fai was resigned as an independent non-executive director on 28 March 2024.
- (iii) Ms. Tong Sze Sze, Cecilia was appointed as an independent non-executive director on 28 March 2024.

The directors of the Company did not waive or agree to waive any emoluments paid by the Group during the years ended 31 March 2024 and 2023. No emoluments were paid by the Group to the directors of the Company as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2023: one) was director of the Company whose emoluments are set out in note 12. The emoluments of the remaining four (2023: four) highest paid individuals were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other benefits	4,502	4,432
Retirement benefits scheme contributions	72	72
	4,574	4,504

Their emoluments were within the following bands:

	2024 Number of individuals	2023 Number of individuals
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	2	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023.

14. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. RETIREMENT BENEFITS SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2023: 5%) of relevant payroll costs, capped at HK\$1,500 (2023: HK\$1,500) per month, to the MPF Scheme, in which the contribution is matched by employees.

During the year ended 31 March 2024, the amount charged to consolidated statement of profit or loss and other comprehensive income of approximately HK\$5,856,000 (2023: HK\$5,518,000) represents contributions payable to the scheme by the Group in respect of the respective accounting period.

There were no contributions forfeited by the Group on behalf of its employees who left the schemes prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2024 and 2023, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

LONG SERVICE PAYMENT LIABILITIES

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

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

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

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

As disclosed in Note 2, there is no material impact on the Group’s results and financial position for the current or prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. EARNINGS (LOSS) PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings per share, representing profit (loss) for the year attributable to owners of the Company	22,224	(21,959)
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share ('000 shares)	415,000	325,007

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2024 and 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and building HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Furniture and equipment HK\$'000	Leasehold improvement HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
COST							
At 1 April 2022	9,686	128,576	241,714	404	1,030	181,436	562,846
Additions	–	5,151	51,085	63	–	107,813	164,112
Transfer in (out)	–	13,111	12,640	–	–	(25,751)	–
Disposals	–	(3,339)	(7,610)	–	–	–	(10,949)
At 31 March 2023 and 1 April 2023	9,686	143,499	297,829	467	1,030	263,498	716,009
Additions	–	3,721	9,147	14	–	43,410	56,292
Transfer in (out)	–	15,125	(3,266)	–	–	(11,859)	–
Lease modification	–	–	–	–	–	(968)	(968)
Disposals	–	(2,453)	(1,499)	–	–	–	(3,952)
At 31 March 2024	9,686	159,892	302,211	481	1,030	294,081	767,381
ACCUMULATED DEPRECIATION							
At 1 April 2022	2,001	98,202	187,402	295	879	59,288	348,067
Charge for the year	387	13,737	36,104	46	92	47,799	98,165
Transfer in (out)	–	7,715	4,800	–	–	(12,515)	–
Eliminated on disposals	–	(3,339)	(7,164)	–	–	–	(10,503)
At 31 March 2023 and 1 April 2023	2,388	116,315	221,142	341	971	94,572	435,729
Charge for the year	388	12,422	23,534	38	59	65,798	102,239
Transfer in (out)	–	12,115	20,127	–	–	(32,242)	–
Eliminated on disposals	–	(2,351)	(1,500)	–	–	–	(3,851)
At 31 March 2024	2,776	138,501	263,303	379	1,030	128,128	534,117
CARRYING VALUES							
At 31 March 2024	6,910	21,391	38,908	102	–	165,953	233,264
At 31 March 2023	7,298	27,184	76,687	126	59	168,926	280,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

At 31 March 2024, the Group's ownership interest in leasehold land and building with carrying value of approximately HK\$6,910,000 (2023: HK\$7,298,000) has been pledged to secure bank borrowings obtained by the Group.

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

	2024 HK\$'000	2023 HK\$'000
Leasehold land	3,428	6,708
Motor vehicles	51,778	48,703
Machinery	110,747	113,515
	165,953	168,926

The Group has lease arrangements for leasehold land located in Hong Kong, motor vehicles and machinery during the years ended 31 March 2024 and 2023. The lease terms are generally ranged from 2 to 5 years (2023: 2 to 5 years).

Additions to the right-of-use assets for the year ended 31 March 2024 amounted to approximately HK\$43,410,000 (2023: HK\$107,813,000), due to new leases of motor vehicles and machinery.

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

During the year ended 31 March 2024, the Group transferred the right-of-use assets with carrying amount of approximately HK\$3,010,000 (2023: HK\$13,236,000) to motor vehicles and machinery under property, plant and equipment upon full repayment of respective lease liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables, at amortised cost	285,897	209,485
Less: loss allowance on trade receivables	(33,438)	(31,876)
	252,459	177,609

As at 31 March 2024, the gross amount of trade receivables arising from contracts with customers in respect of construction works amounted to approximately HK\$57,426,000 (2023: HK\$15,518,000).

The Group does not hold any collateral over these balances.

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

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	78,635	38,453
31 to 60 days	30,262	24,481
61 to 90 days	24,722	14,687
91 to 180 days	35,968	43,860
181 to 365 days	53,633	45,477
Over 365 days	29,239	10,651
	252,459	177,609

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. TRADE RECEIVABLES (Continued)

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

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

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
For the year ended 31 March 2024			
On collectively basis:			
– Not yet due	0.1%	73,419	43
– Past due 1–90 days	0.1%	70,692	40
– Past due 91–180 days	5.1%	24,848	1,257
– Past due 181–365 days	5.1%	29,701	1,502
– Past due 1–2 years	41.5%	8,629	3,581
– Past due over 2 years	100%	8,375	8,375
		215,664	14,798
On individually basis	1.7%–100%	70,233	18,640
		285,897	33,438
	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
For the year ended 31 March 2023			
On collectively basis:			
– Not yet due	0.1%	41,044	58
– Past due 1–90 days	0.1%	33,093	47
– Past due 91–180 days	3.0%	16,957	504
– Past due 181–365 days	3.0%	20,093	597
– Past due 1–2 years	62.9%	3,622	2,278
– Past due over 2 years	100%	7,705	7,705
		122,514	11,189
On individually basis	3%–100%	86,971	20,687
		209,485	31,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. TRADE RECEIVABLES (Continued)

The movement in the loss allowance on trade receivables falls within lifetime ECL – credit impaired is set out below:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	31,876	23,080
Provision for loss allowance on trade receivables	1,562	8,796
At the end of the year	33,438	31,876

The following factors contributed to the decrease in the loss allowance recognised during the year:

- Decrease in the lifetime ECL of approximately HK\$2,047,000 for trade receivables assessed on individually basis due to the settlement of trade receivables; and
- Decrease in forward-looking adjustment factor resulted from change of current market conditions.

19. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Unbilled revenue of construction contracts (note (i))	8,818	7,506
Retention receivables of construction contracts (note (ii))	40,144	47,208
	48,962	54,714
Less: loss allowance on contract assets	(1,542)	(1,577)
	47,420	53,137

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. CONTRACT ASSETS (Continued)

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

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

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

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

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
For the year ended 31 March 2024			
On collectively basis	0.70%	47,755	335
On individually basis	100%	1,207	1,207
		48,962	1,542
For the year ended 31 March 2023			
On collectively basis	0.59%	44,094	259
On individually basis	12.41%	10,620	1,318
		54,714	1,577

The movement in the loss allowance on contract assets falls within lifetime ECL – credit impaired is set out below:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	1,577	430
Loss allowance (reversed) recognised on contract assets	(35)	1,147
At the end of the year	1,542	1,577

The following factors contributed to the decrease in the loss allowance recognised during the year:

- Decrease in the lifetime ECL of HK\$111,000 recognised for contract assets assessed on individually basis due to the settlement from a customer brought forward from 31 March 2023, and increased uncertainty on the settlement from a customer with 100% ECL rate.
- Decrease in forward-looking adjustment factor resulted from change of current market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits (note (a))	115	115
Other receivable (note (a))	16	–
Staff advance (note (a))	245	102
Prepayments	7,896	6,400
Deposits and prepayments for life insurances (notes (a) and (b))	19,570	14,598
	27,842	21,215

Notes:

- (a) The Group measures the loss allowance for deposits, other receivables, staff advance and deposits for life insurances at an amount equal to 12-month ECL. The Group recognised 12-month ECL for such balances based on the internal credit rating of receivables. As at 31 March 2024 and 2023, the management of the Group estimates the 12-month ECL on such balances was insignificant.

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

- (b) In prior years, Luen Yau Construction, the wholly-owned subsidiary of the Company, entered into life insurance policies with insurance companies in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policies. The Company paid upfront payments with aggregate amounts of approximately HK\$17,472,000, for the policies. During the year ended 31 March 2024, Luen Yau Construction entered into one additional life insurance policy with an insurance company in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policy and the Company paid an upfront payment with aggregate amount of approximately HK\$4,913,000. The interest income from life insurances of approximately HK\$388,000 (2023: HK\$516,000) has been recognised in other income (note 8).

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

The prepayments of life insurance premium are amortised to profit or loss over the insured periods and the deposits placed are carried at amortised cost using the effective interest method. The deposits paid for the life insurance policies carry guaranteed interests at interest rate 2.00% to 3.65% (2023: 2.30% to 3.65%) plus a premium determined by the insurance company during the period of the life insurance policies. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the life insurance policies, excluding the financial effect of surrender charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Deposits	11,198	8,196
Prepayments	8,372	6,402
	19,570	14,598

As at 31 March 2024 and 2023, the deposits and prepayments for life insurance policies have been pledged to banks to secure banking facilities granted to the Group (note 28).

21. PLEDGED DEPOSITS

(a) Pledged rental deposits for lease liabilities

	2024 HK\$'000	2023 HK\$'000
– Current portion	799	–
– Non-current portion	–	799
	799	799

As at 31 March 2024, pledged rental deposits with aggregate amount of approximately HK\$799,000 (2023: HK\$799,000) represented the deposits pledged to secure the lease liabilities which will mature in January 2025 and are classified as current assets.

(b) Pledged bank deposits for short term loan

	2024 HK\$'000	2023 HK\$'000
– Current portion	5,027	4,846

As at 31 March 2024, pledged bank deposits amount with aggregate amount of approximately HK\$5,027,000 (2023: HK\$4,846,000) was pledged to secure short-term bank borrowings and will be matured within one year and classified as current assets. The pledged bank deposits carried interest at prevailing market interest rates during the years ended 31 March 2024 and 2023. The pledged bank deposits will be released upon settlement of relevant bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market interest rates during the years ended 31 March 2024 and 2023.

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	84,803	49,830
Other payables	24,037	28,917
Consideration payables for acquisition of property, plant and equipment	12,551	13,463
Accruals	23,101	19,490
	144,492	111,700

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	37,074	22,587
31 to 60 days	22,451	4,889
61 to 90 days	2,640	2,841
91 to 365 days	16,004	10,622
Over 365 days	6,634	8,891
	84,803	49,830

The average credit period granted is 30 (2023: 30) days. The Group has financial risk management in place to ensure that all payables are settling within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

24. BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured	61,958	63,182
Unsecured	12,830	14,465
	74,788	77,647

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

	2024 HK\$'000	2023 HK\$'000
Within one year	54,975	53,900
After one year but within two years	7,323	7,648
After two years but within five years	11,030	15,352
After five years	1,460	747
	74,788	77,647
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	19,813	23,747
Carrying amount repayable within one year and contains a repayment on demand clause	54,975	53,900
	74,788	77,647
Amount shown under current liabilities	(74,788)	(77,647)
Amount shown under non-current liabilities	–	–



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

24. BANK BORROWINGS (Continued)

- (a) The bank borrowings were denominated in HK\$ as at 31 March 2024 and 2023.

As at 31 March 2024, bank borrowings carried floating interest at effective interest rates ranging from 2.50% to 8.30% per annum (2023: from 2.00% to 6.96% per annum).

- (b) During the year ended 31 March 2024, the Group obtained new bank borrowings of approximately HK\$240,485,000 (2023: HK\$188,008,000) for Group's working capital purpose and repaid bank borrowings of approximately HK\$243,344,000 (2023: HK\$189,198,000).
- (c) As at 31 March 2024, bank borrowings with aggregated amount at approximately HK\$61,958,000 (2023: HK\$63,182,000) are secured by (i) a mortgage charged over the Group's ownership interest in leasehold land and building with carrying value of HK\$6,910,000 (2023: HK\$7,298,000); (ii) the deposits and prepayments for life insurance of approximately HK\$19,570,000 (2023: HK\$14,598,000) and (iii) the pledged deposits of approximately HK\$5,027,000 (2023: HK\$4,846,000).
- (d) As at 31 March 2024 and 2023, unsecured bank borrowings was guaranteed by (i) the Company; (ii) Mr. Wu, the executive director of the Company; and (iii) HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, which provided guarantees under the SME Financing Guarantee Scheme.
- (e) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2024 HK\$'000	2023 HK\$'000
Facility amount	81,760	88,707
Utilisations – Bank borrowings	74,788	77,647
Unutilised facility amount	6,972	11,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

25. LEASE LIABILITIES

(a) Lease liabilities

	2024 HK\$'000	2023 HK\$'000
Analysed for reporting purposes as:		
– Current	58,819	68,681
– Non-current	53,051	66,674
	111,870	135,355
	2024 HK\$'000	2023 HK\$'000
Amounts payable under lease liabilities		
Within one year	58,819	68,681
After one year but within two years	34,718	41,298
After two years but within five years	18,333	25,376
	111,870	135,355
Less: amount due for settlement within 12 months (shown under current liabilities)	(58,819)	(68,681)
Amount due for settlement after 12 months	53,051	66,674

As at 31 March 2024, the lease liabilities in respect of leased motor vehicles and machinery under hire purchase agreements amounted to approximately HK\$107,984,000 (2023: HK\$128,240,000) were secured by the lessor's title to the leased assets (note 17) and the pledged deposits (note 21(a)).

During the year ended 31 March 2024, the Group entered into a number of new lease agreements in respect of motor vehicles and machinery and recognised lease liabilities of approximately HK\$43,410,000 (2023: HK\$107,813,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

25. LEASE LIABILITIES (Continued)

(b) Amounts recognised in profit or loss

	2024 HK\$'000	2023 HK\$'000
Depreciation expense on right-of-use assets included in property, plant and equipment:		
– Leasehold land	2,312	2,236
– Motor vehicles	20,229	13,361
– Machinery	43,257	32,202
Interest expense on lease liabilities	8,837	6,895

During the year ended 31 March 2024, all lease payments are all fixed payments and the total cash outflows for leases amounting to approximately HK\$74,764,000 (2023: HK\$82,679,000).

26. DEFERRED TAX LIABILITIES

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

	Loss allowances on trade receivables and contract assets HK\$'000	Accelerated tax depreciation HK\$'000	Tax loss HK\$'000	Total HK\$'000
At 1 April 2022	3,880	(17,968)	6,101	(7,987)
Credited (charged) to profit or loss	1,640	(5,535)	3,916	21
At 31 March 2023 and 1 April 2023	5,520	(23,503)	10,017	(7,966)
Credited (charged) to profit or loss	252	672	(2,278)	(1,354)
At 31 March 2024	5,772	(22,831)	7,739	(9,320)

As at 31 March 2024, the Group has estimated unused tax losses of approximately HK\$110,576,000 (2023: HK\$141,857,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately HK\$46,903,000 (2023: approximately HK\$60,709,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK\$63,673,000 (2023: approximately HK\$81,148,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

27. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each (before share consolidation) and HK\$0.05 each (after share consolidation)		
<i>Authorised</i>		
As at 1 April 2022	10,000,000,000	100,000
Share consolidation (note (a))	(8,000,000,000)	–
As at 31 March 2023 and 2024	2,000,000,000	100,000
<i>Issued and fully paid</i>		
As at 1 April 2022	1,037,500,000	10,375
Share consolidation (note (a))	(830,000,000)	–
Rights issue of shares (note (b))	207,500,000	10,375
As at 31 March 2023 and 2024	415,000,000	20,750

Notes:

- (a) On 12 August 2022, the authorised and issued shares of the Company were consolidated on the basis that every five issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into one consolidated share of HK\$0.05 each (the "Share Consolidation"). Details of the Share Consolidation were set out in the Company's announcements dated 24 May 2022, 7 June 2022 and 9 June 2022, and the circular dated 20 July 2022.
- (b) During the year ended 31 March 2023, the Company issued an aggregate of 207,500,000 ordinary shares (the "Rights Shares") upon completion of (i) the issue and allotment of 148,533,670 Rights Shares to the valid applicant pursuant to the rights issue on the basis of one Rights Share for one existing ordinary share held by the qualifying shareholders of the Company on 23 August 2022 at a subscription price of HK\$0.26 per Rights Share and (ii) the placing of 58,966,330 unsubscribed Right Shares to the independent placees. The rights issue and placing became unconditional on 19 September 2022 and were completed on 23 September 2022. The gross proceeds from the rights issue and placing were approximately HK\$53,950,000 and the net proceeds were approximately HK\$52,238,000 after deducting the related expenses. Details of the Rights Issue were set out in the Company's announcements dated 24 May 2022, 7 June 2022, 9 June 2022, 13 September 2022 and 22 September 2022, the circular dated 20 July 2022, and the prospectus dated 24 August 2022. These Right Shares issued rank pari passu with the existing shares in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28. PLEDGE OF ASSETS

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

	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	169,435	169,516
Deposits and prepayments for life insurance	19,570	14,598
Pledged deposits	5,826	5,645
	194,831	189,759

29. CONTINGENT LIABILITIES

As at 31 March 2023, one of the subsidiaries of the Group was involved in an ongoing personal injury claim (2024: nil). No provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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

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

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

No share options have been granted since the adoption of the scheme and during the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

31. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

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

(b) Compensation of key management personnel

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

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	7,525	7,463
Post-employment benefits	90	90
	7,615	7,553

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

(c) Guarantee provided by a related party

	2024 HK\$'000	2023 HK\$'000
Mr. Wu	18,000	18,000

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Accrued interest HK\$'000	Bank borrowings HK\$'000 (note 24)	Lease liabilities HK\$'000 (note 25)	Total HK\$'000
At 1 April 2022	–	78,837	103,326	182,163
Financing cash flows:				
– Additions	–	188,008	–	188,008
– Repayments	(3,670)	(189,198)	(82,679)	(275,547)
Non-cash changes:				
– Interest recognised	3,670	–	6,895	10,565
– New leases arrangement	–	–	107,813	107,813
At 31 March 2023 and 1 April 2023	–	77,647	135,355	213,002
Financing cash flows:				
– Additions	–	240,485	–	240,485
– Repayments	(5,817)	(243,344)	(74,764)	(323,925)
Non-cash changes:				
– Interest recognised	5,817	–	8,837	14,654
– Lease modification	–	–	(968)	(968)
– New leases arrangement	–	–	43,410	43,410
At 31 March 2024	–	74,788	111,870	186,658

33. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2024, the Group entered into new lease arrangements in respect of motor vehicles and machinery with a total capital value at the inception of the leases of approximately HK\$43,410,000 (2023: HK\$107,813,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current asset			
Investments in subsidiaries		106,532	106,532
Current assets			
Deposits, prepayments and other receivables		149	449
Amounts due from subsidiaries	(a)	126,432	130,073
Bank balances and cash		161	137
		126,742	130,659
Current liabilities			
Other payables		2,024	2,012
Amount due to a subsidiary	(a)	3,797	3,797
		5,821	5,809
Net current assets		120,921	124,850
Net assets		227,453	231,382
Capital and reserves			
Share capital		20,750	20,750
Reserves	(b)	206,703	210,632
Total equity		227,453	231,382



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

Notes:

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

	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	109,078	106,532	(42,140)	173,470
Issuance of shares upon rights issue (note 27)	43,575	–	–	43,575
Transaction costs on issuance of shares upon rights issue	(1,712)	–	–	(1,712)
Loss and total comprehensive expense for the year	–	–	(4,701)	(4,701)
At 31 March 2023 and 1 April 2023	150,941	106,532	(46,841)	210,632
Loss and total comprehensive expense for the year	–	–	(3,929)	(3,929)
At 31 March 2024	150,941	106,532	(50,770)	206,703

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
Neotime Global Limited	BVI	United States dollar ("US\$") 1	100%	100%	–	–	Investment holding
Lufa Global Investments Limited	BVI	US\$1	100%	100%	–	–	Investment holding
Luen Yau Holdings Limited	BVI	US\$100	100%	100%	–	–	Investment holding
Luen Yau Construction	Hong Kong	HK\$1	–	–	100%	100%	Construction works and provision of construction machinery rental services
Luen Yau Machinery Construction Company Limited	Hong Kong	HK\$1	–	–	100%	100%	Provision of construction machinery rental services
Luen Yau Management Services Limited	Hong Kong	HK\$1	–	–	100%	100%	Provision of management services to fellow subsidiaries
Luen Yau Management Company Limited	BVI	US\$1	–	–	100%	100%	Inactive
Full King (International) Aluminum System Formwork Technology Limited	Hong Kong	HK\$10,000	–	–	51%	51%	Inactive

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

