



御佳控股有限公司

Royal Deluxe Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 3789

ANNUAL REPORT

2024

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Kei Ming (*Chairman*)  
Mr. Wang Yu Hin

### Independent Non-executive Directors

Mr. Lai Ah Ming Leon  
Mr. Kwong Ping Man  
Mr. Sio Kam Seng

## BOARD COMMITTEES

### Audit Committee

Mr. Kwong Ping Man (*Chairman*)  
Mr. Lai Ah Ming Leon  
Mr. Sio Kam Seng

### Remuneration Committee

Mr. Lai Ah Ming Leon (*Chairman*)  
Mr. Kwong Ping Man  
Mr. Sio Kam Seng  
Mr. Wang Kei Ming

### Nomination Committee

Mr. Sio Kam Seng (*Chairman*)  
Mr. Lai Ah Ming Leon  
Mr. Kwong Ping Man  
Mr. Wang Kei Ming

### Environmental, Social and Governance Committee

Mr. Kwong Ping Man (*Chairman*)  
Mr. Lai Ah Ming Leon  
Mr. Sio Kam Seng  
Mr. Wang Kei Ming  
Mr. Wang Yu Hin

### Risk Committee

Mr. Lai Ah Ming Leon (*Chairman*)  
Mr. Wang Yu Hin  
Mr. Sio Kam Seng  
Mr. Kwong Ping Man

## COMPANY SECRETARY

Ms. Yim Sau Ping (*FCPA*)

## AUTHORISED REPRESENTATIVES

Mr. Wang Kei Ming  
Ms. Yim Sau Ping (*FCPA*)

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

## COMPLIANCE ADVISER

Frontpage Capital Limited  
26th Floor, Siu On Centre,  
188 Lockhart Road,  
Wanchai, Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers  
Units 4101-04, 41st Floor,  
Sun Hung Kai Centre,  
30 Harbour Road,  
Wanchai, Hong Kong

## AUDITORS

Crowe (HK) CPA Limited  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 22/F,  
T G Place,  
10 Shing Yip Street,  
Kwun Tong, Kowloon,  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited  
Dah Sing Bank, Limited

## STOCK CODE

3789

## WEBSITE

[www.royal-deluxe.com](http://www.royal-deluxe.com)

# CHAIRMAN'S STATEMENT

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Royal Deluxe Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I hereby present the annual report for the year ended 31 March 2024 (the “**Financial Year 2024**”) to our shareholders.

## RESULTS

For the Financial Year 2024, the Group's recorded revenue of approximately HK\$783.6 million, representing an increase of approximately 11.6% as compared to the year ended 31 March 2023 (the “**Financial Year 2023**”). For the Financial Year 2024, the Group's gross profit slightly increased by approximately HK\$0.8 million as compared with the Financial Year 2023. Despite the increase in revenue and gross profit, the profit attributable to owners of the Company reported a decrease by approximately 54.4% to approximately HK\$9.8 million for the Financial Year 2024 from approximately HK\$21.4 million for the Financial Year 2023. Such decrease in profit was primarily attributable to (i) a decrease in other income for the Financial Year 2024 as a result of the absence of non-recurring government grants of approximately HK\$17.7 million which had received in the Financial Year 2023; (ii) the provision for impairment of leasehold land and buildings of approximately HK\$2.8 million; and (iii) an increase of the provision of loss allowance on trade and other receivables and contract assets of approximately HK\$2.6 million, being affected by market environment and general economic conditions of the industry.

## DIVIDEND

The Board does not recommend the payment of any final dividend for the Financial Year 2024 (Financial Year 2023: Nil).

## REVIEW OF OPERATIONS

The construction industries in Hong Kong emerged with a remarkable resurgence in 2024 after three years of the pandemic. Notably, in recent years, the Hong Kong Government has actively promoted large construction projects and “10-year Hospital Development Plan”. The Group is delighted to witness this remarkable post-pandemic rebound and made full use of its competitive advantages in large scale formwork erection projects and its innovative construction formwork technology to seize opportunities and successfully obtained a number of major projects. The Group also demonstrated its performed well in traditional housing construction and was awarded a number of public and private housing development projects.

During the Financial Year 2024, the Group secured eight new contracts with a total contract value of approximately HK\$1,067.4 million (31 March 2023: approximately HK\$183.8 million), representing a significant increase of approximately 480.7%. As at 31 March 2024, the value of projects on hand was approximately HK\$1,014.1 million (31 March 2023: approximately HK\$445.4 million), an increase of approximately 127.7%. With the projects on hand, it is expected that the performance of the subcontract works will remain steady for the coming years.

Year 2024 is the 30th anniversary of the Group's business in formwork construction. It marks a meaningful milestone which reflect on what the Group has achieved so far and in the meantime enable the Group to embrace new business opportunities. I would like to express my heartfelt gratitude to everyone who has been a part of our journey, all your support and collaboration have made a significant difference in our business success.

# CHAIRMAN'S STATEMENT

## OUTLOOK

In 2024, the Hong Kong Government has abolished all demand-side management measures for the residential properties and the further promotion of large-scale development plans like the Northern Metropolis, the MTR Tuen Mun South Extension, etc. The Group focuses primarily on public sector works, it is expected to have a positive impact on the Group's business of building construction in Hong Kong market. Looking ahead, regarding the profitability of this business, margins remained tight during the year as a result of high operating costs due to continued labour shortages and high material costs.

Facing both challenges and opportunities, the Group will enhance the utilization of Labour Importation Scheme for the Construction Sector, strengthening the talent management and talent development. In addition to labour constraints, the Group will continue to focus on construction technologies innovation and digital transformation. For instance, the Group has successfully implemented the Design for Manufacture and Assembly (the "DfMA") technologies, the patent Smart Formwork Aluminum Tableform System (the "Tableform"), and Building Information Modelling (the "BIM") formwork design services in over 90% of the formwork projects. These technologies have significantly improved construction plan efficiency, sustainable and safety, waste reduction, and facilitated the industry's digital transformation. In the future, the Group will continue to adhere to the strategy of focusing on providing "design and build" formwork solution to maintain the profit margin to safeguard the shareholders' interests.

Nevertheless, the timing and pace of future interest rate cuts remain uncertain, and the "high for longer" scenario should not be discounted prematurely, subdued bank credit demand in part driven by higher borrowing costs. The Group will closely monitor the market conditions and adjust its business strategy, these included actively managing project operation risks by closely monitoring the progress of construction projects, strengthening payment collection of projects on hand, enhancing the stability and control of cash flow, and ensuring project quality and safety to enhance customer satisfaction and market competitiveness.

## APPRECIATION

In closing, on behalf of the Board, to express my sincere gratitude to our management team and colleagues, thanks to their consistent hard work and dedication, who have been instrumental in the Group's stable performance. I would also like to extend my appreciation to our shareholders and business partners for their continuous support.

**Royal Deluxe Holdings Limited**

**Wang Kei Ming**

*Chairman and Executive Director*

Hong Kong, 24 June 2024

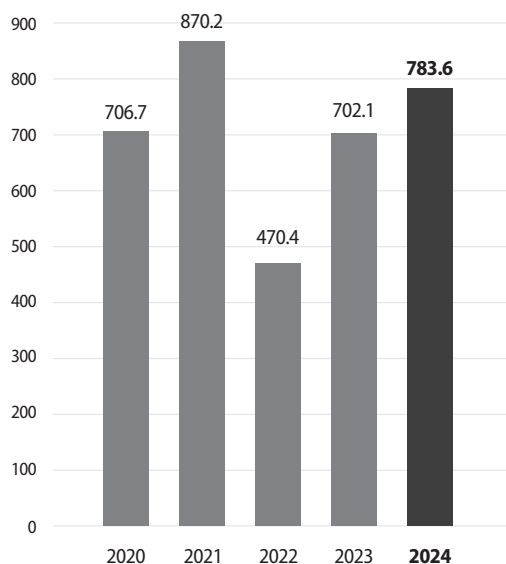
# FINANCIAL HIGHLIGHTS

For the year ended 31 March	2024	2023	Change %
<b>Financial Highlights (HK\$' million)</b>			
Revenue	<b>783.6</b>	702.1	11.6%
Gross profit	<b>66.5</b>	65.6	1.3%
Profit attributable to owners of the Company	<b>9.8</b>	21.4	(54.4%)
<b>Financial Ratios</b>			
Gross profit margin	<b>8.5%</b>	9.3%	(8.6%)
Current ratio	<b>2.5</b>	3.4	(26.5%)
Quick ratio	<b>2.5</b>	3.2	(21.9%)
Gearing ratio	<b>0.2%</b>	5.3%	(96.2%)
Debt to equity ratio	<b>N/A</b>	N/A	N/A
Return on equity	<b>3.1%</b>	7.0%	(55.7%)
Return on total assets	<b>2.0%</b>	5.3%	(62.3%)
Interest coverage	<b>12.3 times</b>	10.6 times	16.0%
<b>Earnings per share attributable to owners of the Company (HK cents)</b>			
– Basic and diluted	<b>0.81</b>	1.78	(54.5%)

# FINANCIAL HIGHLIGHTS

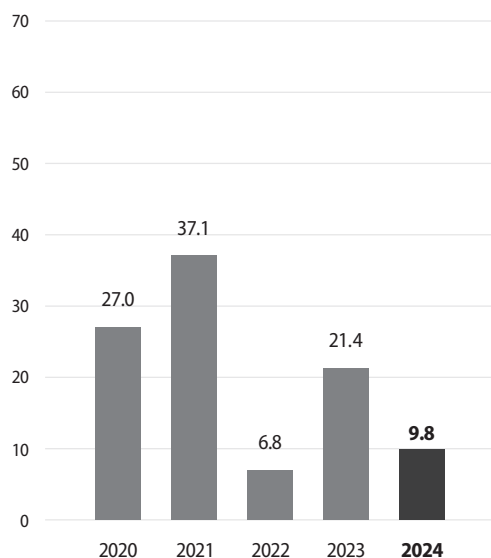
## Revenue

HK\$'million



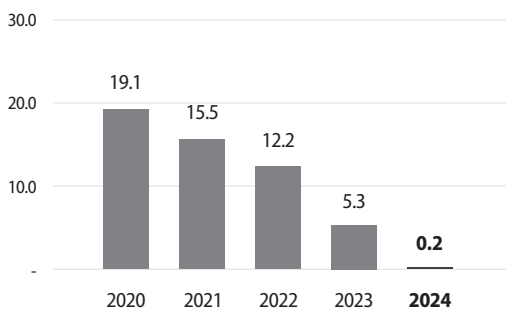
## Profit attributable to owners of the Company

HK\$'million



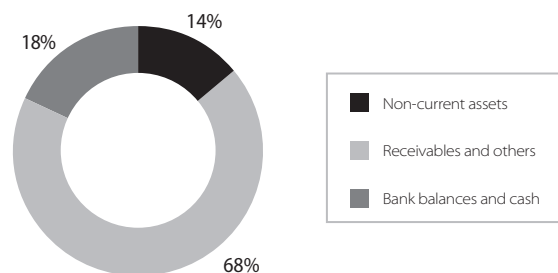
## Gearing Ratio

Percentage



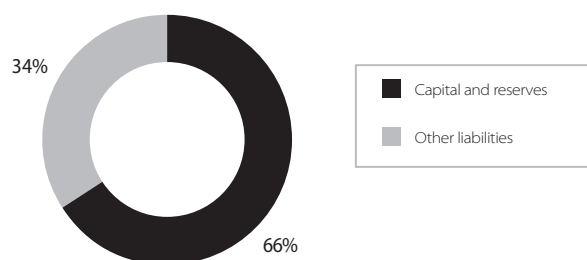
## Asset Employed

At 31 March 2024



## Capital and Liabilities

At 31 March 2024



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

The Group is a major subcontractor specialising in providing formwork works as well as related ancillary services in Hong Kong. In addition, the Group is also specialised in erection of concrete precast component works and scaffolding works on the basis of selected contractors' projects. The Group started its formwork business since 1994 and has accumulated more than 29 years experience in the provision of its services in Hong Kong. The Group actively undertakes large-scale formwork erection projects for building construction and civil engineering works. The direct customers of the Group are main contractors of building construction and civil engineering projects while the ultimate customers are owners of the projects, which include the Hong Kong Government (the "Government"), Housing Authority, Airport Authority and property developers.

The subsidiaries of the Group have been renewed registration as group 2 Registered Specialist Trade Contractors (the "RSTCs") under "S02-Concreting Formwork" and "S05-Erection of Concrete Precast Component" and "S07-Scaffolding" categories with confirmed status and are qualified to tender for the contracts/subcontracts of the designated trades under public works of unlimited value since 18 January 2023 and 2 June 2023 respectively.

### Business Review

The Group's overall revenue for the year ended 31 March 2024 ("Financial Year 2024") amounted to approximately HK\$783.6 million, representing an increase of approximately 11.6% or HK\$81.5 million as compared with that of approximately HK\$702.1 million for the year ended 31 March 2023 ("Financial Year 2023"). For the Financial Year 2024, the Group recorded profit and total comprehensive income of approximately HK\$9.8 million as compared to approximately HK\$21.4 million for the Financial Year 2023.

During the Financial Year 2024, the Group has been awarded a major formwork contract for the automatic people mover (APM) and baggage handling system (BHS) tunnels and related works at Hong Kong International Airport, and won bids for two public housing development projects and another two building projects from public sector and hospital authority, and successively secured a large residential development and a residential re-development formwork projects from reputable property developers located in Tai Po and North Point respectively. The Group secured eight (Financial Year 2023: five) new contracts with total contract value of approximately HK\$1,067.4 million in the Financial Year 2024, representing an increase of approximately 480.7% compared to that of approximately HK\$183.8 million in the Financial Year 2023. All of these projects have been commenced during the Financial Year 2024. As at 31 March 2024, we had a total of twelve (31 March 2023: ten) projects on hand with the estimated total outstanding value of approximately HK\$1,014.1 million for the Financial Year 2024, representing an increase of approximately 127.7% as compared with approximately HK\$445.4 million for the Financial Year 2023. These contracts are expected to be completed in around one to three years.



# MANAGEMENT DISCUSSION AND ANALYSIS

Year of award/project	Role	Nature of contract	Status
<b>Year 2020-2021</b>			
J13788-1089 L2 Lyric Theatre Complex	Sub-contractor	Formwork	Work-in-progress
AA3405-CRBC-SC-008 3rd Runway Concourse at Hong Kong International Airport	Sub-contractor	Formwork and concrete	Work-in-progress
<b>Year 2021-2022</b>			
C21104-0036 Tai Wai Station residential development (Tower T1 & T8)	Sub-contractor	Formwork	Work-in-progress
<b>Year 2022-2023</b>			
Kai Tak Area 1E 1 Public Housing Development	Sub-contractor	Formwork	Work-in-progress
HY2019/13 Central Kowloon Route Ventilation Building Yau Ma Tei	Sub-contractor	Formwork	Work-in-progress
<b>Year 2023-2024</b>			
HY2019/13 Central Kowloon Route Ventilation Building Ho Man Tin	Sub-contractor	Formwork	Work-in-progress
KTH13 Kai Tak Area 1E Site 1 Public Housing Development Tower 1 to Tower 3	Sub-contractor	Formwork	Work-in-progress
J3880/C3802 APM & PHS Tunnels and Related works at Hong Kong International Airport	Sub-contractor	Formwork, scaffold and tableform works	Work-in-progress
20105 Re-development of former State Theatre and State Theatre building site	Sub-contractor	Formwork	Work-in-progress
23203 Tung Chung Public Housing at Tung Chung Area 103	Sub-contractor	Formwork and installation of precast façade	Work-in-progress
23204 Residential Development at TPTL no.243 Ma Wo Road, Tai Po	Sub-contractor	System, traditional formwork and installation of precast facade	Work-in-progress
C23205 LKB in Princess Margaret Hospital	Sub-contractor	Formwork	Work-in-progress

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately HK\$81.5 million, or 11.6%, from approximately HK\$702.1 million for the Financial Year 2023 to approximately HK\$783.6 million for the Financial Year 2024. The increase in revenue was mainly due to the satisfactory progresses of the Group's major subcontract for formwork and concrete works at Third Runway Concourse Foundation and Substructure works at the Hong Kong International Airport and certain building formwork projects, including Kai Tak Area 1E Phase 1 Public housing development and construction of Ventilation Buildings for Central Kowloon Route for the Financial Year 2024 as compared to those for the previous year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Direct costs

Direct costs for the Financial Year 2024 was approximately HK\$717.1 million, representing an increase of approximately HK\$80.6 million or approximately 12.7%, from approximately HK\$636.5 million for the Financial Year 2023. The increase was mainly driven by the increase in construction work performed which is in line with the increase in revenue.

## Gross profit and gross profit margin

The Group's gross profit representing a slightly increase by approximately HK\$0.8 million, or 1.3%, from approximately HK\$65.6 million for the Financial Year 2023 to approximately HK\$66.5 million for the Financial Year 2024. The Group's gross profit margin decreased from approximately 9.3% for the Financial Year 2023 to approximately 8.5% for the Financial Year 2024.

The increase in gross profit was mainly driven by more construction projects engaged for the Financial Year 2024 as compared to those for the previous year. Despite an increase in gross profit, the decrease in gross profit margin was caused by additional subcontracting fees and site expenses for the satisfaction of site instructions for projects which were close to completion or were practically completed during the Financial Year 2024.

## Administration and other operating expenses

The Group's administration and other operating expenses primarily comprise of staff costs (including Directors' remuneration), depreciation, office expenses and professional charges. The Group's administration and other operating expenses decreased by approximately HK\$7.6 million or 11.6%, from approximately HK\$64.7 million for the Financial Year 2023 to approximately HK\$57.1 million for the Financial Year 2024, which was primarily due to the decrease in legal and professional fees..

## Finance costs

The Group's finance costs decreased by approximately HK\$1.6 million from approximately HK\$2.8 million for the Financial Year 2023 to approximately HK\$1.2 million for the Financial Year 2024. The decrease was mainly due to the lower average borrowings during the Financial Year 2024.

## Income tax expense

The Group's income tax expense decreased by approximately HK\$1.7 million from approximately HK\$5.3 million for the Financial Year 2023 to approximately HK\$3.6 million for the Financial Year 2024. The effective tax rate for the Financial Year 2024 was approximately 27.1% compared to that of approximately 19.7% for the Financial Year 2023. The increase of the effective tax rate was mainly attributable to the absence of non-recurring tax exemption on other income in respect of Employment Support Scheme ("ESS") subsidies for the Financial Year 2023.

## Profit and total comprehensive income for the year attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased by approximately HK\$11.6 million from approximately HK\$21.4 million for the Financial Year 2023 to approximately HK\$9.8 million for the Financial Year 2024. The net profit margin also decreased by approximately 1.8 percentage points from approximately 3.0% for the Financial Year 2023 to approximately 1.2% for the Financial Year 2024.

Such decrease was mainly attributable to a decrease in other income for the Financial Year 2024 resulting from the absence of non-recurring government subsidies of approximately HK\$17.7 million received under the ESS in the Financial Year 2023. If the effect of the ESS subsidies is excluded, the adjusted net profit margin for the Financial Year 2023 would be 0.5% as compared to 1.2% for the Financial Year 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other payables and accruals

The following table sets forth the breakdown of the Group's other payables and accruals as at 31 March 2023 and 2024:

	<b>As at 31 March 2024 HK\$'000</b>	As at 31 March 2023 HK\$'000
Accrued construction costs	<b>46,028</b>	27,234
Accrued staff costs and benefits expenses	<b>12,263</b>	13,743
Accrued legal and professional fees	<b>322</b>	303
Other payables	<b>1,583</b>	2,228
	<b>60,196</b>	43,508

The Group's other payables and accruals mainly comprise of (i) accrued contraction cost; (ii) accrued staff costs and benefit expenses; (iii) accrued legal and professional fees and (iv) other payables. The Group's other payables and accruals increased from approximately HK\$43.5 million as at 31 March 2023 to approximately HK\$60.2 million as at 31 March 2024. Such increase was mainly due to the increase in accrued construction costs as a result of the increase in construction work performed.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	<b>2024</b>	2023
Current ratio <sup>1</sup>	<b>2.5</b>	3.4
Gearing ratio <sup>2</sup>	<b>0.2%</b>	5.3%
Debt to equity ratio <sup>3</sup>	<b>N/A</b>	N/A
Interest coverage <sup>4</sup>	<b>12.3 times</b>	10.6 times

Notes:

- 1 Current ratio based on the total current assets divided by the total current liabilities.
- 2 Gearing ratio based on the total debt (summation of bank borrowings and lease liabilities) divided by total equity and multiplied by 100%.
- 3 Debt to equity ratio is calculated as total debt (summation of bank borrowings and lease liabilities) less cash and cash equivalents divided by total equity and multiplied by 100%.
- 4 Interest coverage based on the profit before interest and taxation divided by the total interest expenses incurred.

As at 31 March 2024, the Group's current ratio was approximately 2.5 (31 March 2023: approximately 3.4). Debt to equity ratio figures as at 31 March 2024 and 2023 represented that the Group was in a net cash position. Interest coverage increased from approximately 10.6 times for the Financial Year 2023 to approximately 12.3 times for the Financial Year 2024.

As at 31 March 2024, the Group had total assets of approximately HK\$480.0 million (31 March 2023: approximately HK\$405.4 million), which is financed by total liabilities of approximately HK\$163.4 million (31 March 2023: approximately HK\$98.5 million) and total equity of approximately HK\$316.6 million (31 March 2023: approximately HK\$306.9 million).

As at 31 March 2024, the capital of the Group comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves of approximately HK\$316.6 million (31 March 2023: approximately HK\$306.9 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2024, the indebtedness of the Group comprised bank borrowings and lease liabilities of HK\$0.6 million (31 March 2023: approximately HK\$16.2 million).

The Group adopts a prudent approach to cash management. As at 31 March 2024, the Group had bank balance and cash of approximately HK\$88.2 million (31 March 2023: approximately HK\$69.0 million). The Group maintains its bank credit facilities to meet requirements for working capital. Payments to settle trade payables and wages represented the significant part of the cash outflow of the Group. As of 31 March 2024, the Group has available banking facilities of approximately HK\$50.0 million (31 March 2023: approximately HK\$101.7 million), of which the unutilised and unrestricted banking facilities amounted to approximately HK\$20.0 million (31 March 2023: approximately HK\$85.5 million).

Total bank borrowings decreased from approximately HK\$16.2 million as at 31 March 2023 to approximately nil as at 31 March 2024 with the maturity profile summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	3,201
In the second year	–	698
In the third to fifth year inclusive	–	2,324
Over five years	–	9,943
Classified under:		
Current liabilities	–	16,166
Non-current liabilities	–	–

Note: As at 31 March 2023, bank loans balances with maturity that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with an aggregate carrying amount of approximately HK\$13.0 million have been classified as current liabilities together with bank borrowings balances with maturity repayable within one year.

During the Financial Year 2024, the Group had no financial instruments for hedging purpose. As at 31 March 2024, the Group had no fixed-rate bank borrowings (31 March 2023: Nil).

## FINAL DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the Financial Year 2024 (Financial Year 2023: Nil).

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GEARING RATIO

As at 31 March 2024, the gearing ratio is calculated based on the total interest-bearing borrowings and lease liabilities divided by total equity, was approximately 0.2% (31 March 2023: approximately 5.3%). Such decrease was mainly due to the full repayment of interest-bearing bank borrowings during the Financial Year 2024. The unutilised bank facilities was amounted to approximately HK\$20.0 million as at 31 March 2024.

## CAPITAL EXPENDITURES

The Group generally finances its capital expenditures with internal resources and long-term bank borrowings. During the Financial Year 2024, the Group invested an aggregate of approximately HK\$4.8 million (31 March 2023: approximately HK\$8.6 million) in the acquisition of machinery and equipment, leasehold improvements, office equipment, furniture and fixtures and motor vehicle.

## CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitments of approximately HK\$0.1 million (31 March 2023: approximately HK\$5.1 million) contracted but not provided for the acquisition of property, plant and equipment.

## PLEDGE OF ASSETS

As at 31 March 2024, no bank borrowings and general banking facilities of the Group were secured by the office premise (31 March 2023: net carrying value of approximately HK\$38.7 million).

As at 31 March 2024 and 31 March 2023, the Group had pledged to bank an assignment of project proceeds from construction contract of the Group as security of the Group banking facilities respectively, and the assignment of project proceeds as at 31 March 2023 which had been discharged during the Financial Year 2024.

As at 31 March 2024 and 31 March 2023, the Group had restricted time deposits of approximately HK\$10.0 million and HK\$3.0 million respectively which charging to bank to secure trade facilities and guarantee line granted to the Group. During the Financial Year 2024, the Group had already released and discharged the restricted time deposit as at 31 March 2023.

As at 31 March 2024, the Group had charge over account with a bank for general banking facilities of approximately HK\$0.3 million (31 March 2023: approximately HK\$41.2 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Financial Year 2024. Save as disclosed herein, there were no other plan for material investments or capital assets as at 31 March 2024.

## CONTINGENT LIABILITIES

Save as disclosed below, the Group had no material contingent liability as at 31 March 2024 (31 March 2023: Nil).

- (a) The ordinary course business activities of the Group in the construction industry, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or of the Group's sub-subcontractors in accidents arising out of and in the course of their employment. As at 31 March 2024, the Directors are of the opinion that such claims are covered by insurance or otherwise, would not result in any material adverse impact on the financial position or results and operations of the Group.
- (b) Advance payment bond

	2024 HK\$'000	2023 HK\$'000
Advance payment bond for contract in favour of customer	30,000	–

The above advance payment bond was given by a bank in favour of one of the Group's customer as security for the due performance and observance of the Group's obligations under the subcontract entered into between the Group and the customer. If the Group is in default of its obligation under the subcontract, such customer may demand the bank to pay to him the sum stipulated in such demand not exceeding the sum of the advance payment bond. The Group will then become liable to compensate such banks accordingly. The advance payment bond will be released upon the following events first occurs: (i) the payment in full by the Group to the bank of the bonded sum; or (ii) the Bond will be returned by the customer to the Group; or (iii) the total amount of advance payment will be fully reimbursed to the customer by the Group from the accumulated interim payments certified by the customer.

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Directors recognise that employees, customers, suppliers and subcontractors are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees, suppliers and subcontractors and improving the quality of services to the customers.

## CUSTOMERS

The Group emphasises its ability to deliver quality work on time to customers. The Directors consider that the Group has established a strong reputation and credibility among major customers by delivering "High-quality Work and Flexible Solutions" as well as quality services. Meanwhile, the Group offers "Technical Innovation Processes and Optimized-customer Design" to the customers and the experience operational teams communicate with the customers on a regular basis during the course of subcontracted works to better understand, respond and give feedback, through various channels such as telephone, electronic mails and messages, physical meetings and online conferencing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUPPLIERS AND SUBCONTRACTORS

The Group maintains a pre-approved list of suppliers and subcontractors whose admission is subject to the background assessment, including track record, financial conditions, reputation, technical information, pricing and delivery. The Group will only enter into contracts with major suppliers for construction materials and subcontractors on a project-by-project basis without a long-term contract. The quality of the construction materials and the services shall be examined and payments are made according to the contract terms. Nevertheless, the list of suppliers and subcontractors are reviewed and updated from time to time by the Group. The Directors consider that the Group has maintained good business relationships with the suppliers and subcontractors. During the Financial Year 2024, there was no material dispute arising from them causing disruption to the operations of the Group.

## TREASURY POLICY

The Group continues to follow a prudent policy in managing the Group's bank balances and cash and maintain a healthy liquidity position. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. Internally generated cash flow and interest-bearing bank borrowings are the general source of funds to finance the operations of the Group. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## INTEREST RATE RISK

The Group's fair value and cash flow interest rate risk mainly related to fixed rate and variable rate borrowings, respectively. In order to exercise prudent management against interest rate risk, the Group has established policies and procedures to assess, book and monitor all such financial risks. Then, the Group will continue review the market trend and its business operation's needs so as to arrange the most effective interest risk management tools, and continuously evaluates its debt portfolio to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement.

## CREDIT RISK

The Group's principal financial assets are bank balances and cash, trade and other receivables and contract assets. The Group's trade and other receivables presented in the consolidated statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. Credit extended to business associates is based on the reputation and financial position of the customers. In connection with projects in progress, the direct customers are main contractors for building construction and civil engineering projects while the ultimate customers are the Hong Kong SAR Government, government-related entities, Housing Authority, public transport operators, Airport Authority and certain reputable property developers. Therefore, the Group is not exposed to any significant credit risk.

As at 31 March 2024, the loss allowance for the Group's trade receivables and contract assets amounted to approximately HK\$1.2 million (31 March 2023: approximately HK\$0.3 million) and approximately HK\$1.4 million (31 March 2023: approximately HK\$0.6 million), respectively. Up to the date of this annual report, approximately HK\$60.4 million and approximately HK\$17.9 million of the Group's trade receivables and contract assets as at 31 March 2024 have been subsequently settled, respectively. Having considered the good repayment records, the credit profiles and on-going business relationship with the customers, the Directors assessed that there had not been a significant change in credit quality of trade receivables and contract assets as at 31 March 2024. As such, the balance of the trade receivables and contract assets as at 31 March 2024 were considered fully recoverable and no further impairment loss was recognised.

With respect to the credit risk of the Group's treasury operations, the Group's bank balances and cash must be placed and entered into financial institutions of good reputation so as to minimise the Group's credit risk exposure.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN CURRENCY EXPOSURE

The Group's bank borrowings, time deposits and bank balances are principally denominated in Hong Kong dollars.

The Group has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in Hong Kong dollars. Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollars is pegged to United States dollars, the management considers that there is no significant foreign exchange risk with respect to Hong Kong dollars. Therefore, the Group had not employed any financial instrument for hedging. The management monitors the exposure to foreign exchange risks and will consider hedging significant foreign currency exposure should and when appropriate.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 93 full-time employees (31 March 2023: 84 full-time employees). The Group offers a competitive remuneration package that is mainly based on industry practices and individual performance and experience. Remuneration package comprises of salary, a performance-based bonus and Mandatory Provident Fund contributions. Other forms of benefits such as staff medical and training programs are also provided. Share options or share awards may also be granted to eligible employees and persons of the Group. Employee bonus is distributed based on the performance of the respective employees concerned. Moreover, the Group also provides internal and external training programs which are complementary to certain job functions. The total staff cost included in administration and other operating expenses (including remuneration of Directors and Mandatory Provident Fund contributions) for the Financial Year 2024 amounted to approximately HK\$36.8 million (Financial Year 2023: approximately HK\$40.1 million).

## ENVIRONMENTAL POLICIES

The Group places emphasis on environmental protection when undertaking its formwork erection works and ancillary services. The Group's in-house rules contain measures and work procedures in relation to environmental protection which are required to be followed by the Group's employees, including the followings.

Air pollution control:

- (i) Dust suppression by use of water.
- (ii) Installation of dust screens as required.
- (iii) Use of low-dust techniques and equipment as required.

Noise control:

- (i) Inspection and maintenance of all equipment before use for permitted noise level compliance.
- (ii) Works to be undertaken in accordance with the permitted work hours.

Waste disposal:

- (i) Waste to be segregated into general wastes and construction wastes before transporting to the designated site rubbish collection point.
  - i. sorting materials from formwork works for recycling use or disposal, and disposing construction waste at designated dumping areas according to the relevant regulations.
  - ii. separating paper from other waste for easier recycling.
  - iii. placing boxes and trays beside photocopiers as containers to collect single-sided paper for reuse purpose.



# MANAGEMENT DISCUSSION AND ANALYSIS

Waste Reduction:

- (i) Use metal moulding and reusable metal tableform to reduce consumption of wood and timbers.
- (ii) Encouraging employees to use both sides of paper.
- (iii) Reminding employees to practice photocopying wisely.
- (iv) Taking into consideration the environmental impacts in project planning and the design of work method statements;

Sustainable Education

- (i) Fostering employees' awareness of their responsibilities for the environment and towards complying with environmental legislation and regulations.

The Group's operation does not directly produce greenhouse gases or hazardous wastes. The Group monitors energy consumption in its supportive functions, such as fuel consumption/mileage usage in motor vehicles, electricity consumption in office and requiring office staff to switch off electricity supply when not in use.

## SEGMENT INFORMATION

Save as disclosed in note 5 in this annual report, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 31 March 2024 and for the Financial Year 2024.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Uncertain external factors

Despite the construction industry being one of the traditional core industries in Hong Kong, the Group is exposed to market risks and uncertainties of construction industry that may affect the Group included (i) the social, political and economic conditions in Hong Kong; (ii) the approval of the Government's budget and new funding for civil engineering works projects in public sector; (iii) the escalation in purchase price of construction materials or deployment of labour; (iv) the changes in Government policies, trade tensions, financial deterioration; and (v) unanticipated natural disasters.

The Directors have closely monitored works forecast by the Government, the number of new projects to be undertaken by the Housing Authority, tender results of commercial or residential sites so as to adjust the business strategies to participate in projects from public and private sectors. It is the responsibility of the executive Directors to identify and assess the prevailing economic condition and market risks and adopt different strategies from time to time to mitigate market risks. However, the future growth and profitability of the formwork industry largely depends on the continued prosperity of the property market and the construction industry in Hong Kong.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Uncertainty in successful tender

The Group's business relies on successful tenders that determine the award of contracts for formwork erection as well as related ancillary services. Given the non-recurring nature of these contract awards and the Group has no long-term commitment with its customers, the number of contracts awarded to the Group may vary from year to year. Upon completion of its contracts on hand, the Group's financial performance may adversely be affected if the Group is unable to secure new tenders or award new contracts with comparable contract sums or at all. The Formwork industry is highly competitive and the Group is required to build up good reputation and track record, maintain good relationships with customers, suppliers and subcontractors, ensure the availability of machinery and maintain competitive project pricing. If the competition among formwork construction subcontractors intensifies, the Group may be pressured to reduce the quotation, which would have an adverse impact on its financial performance.

## Uncertainty in project delay

Any delay in a project would affect the Group's cash position. The Group has regular progress meetings with the main contractors, i.e. its customers, regarding each site's progress. The Group plans the deployment of labour and other resources accordingly. The Group's accounting and finance department also forecasts the works to be done in the forthcoming months in order to plan the liquidity and working capital use and reports to the executive Directors who then considers whether contingency plans are required.

## Sustainable labour supply

The construction industry has been experiencing manpower shortages, an aging workforce, a skills mismatch with trades, and a succession gap of talent. While the Government and the industry have been working closely to address this acute situation, the Group has to remain competitive in its remuneration policies to attract, develop, and retain its workforce. The Group has a list of approved subcontractors which the Group has reviewed and updated regularly to ensure they have maintained sufficient work force. The project team has regular meetings to discuss the deployment of labour, including the timing and number of workers required. The Group conducts early planning in the formwork design stage and recommends system formwork where possible since the assembling of system formwork demands less workmanship as compared to timber formwork and hence is less costly and requires less experienced workers, which in turn is expected to have a greater labour supply.

## Estimate of revenue for construction contracts

For revenue from construction work that is recognized over time, the Group recognizes such revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the progress towards completion of the contract using output method, which is to recognize revenue on the basis of direct measurements of the value of control of services transferred to the customer, as compared to total estimated outputs needed to completed the contract. Significant estimates and judgements are required included using the appraisal of results achieved, milestones reached or units produced or delivered. In making the above estimation, the Group conducts periodic review on the progress of transfer of control and consistently measured by internal quantity surveyors.

## FUTURE PROSPECTS

The economic outlook for Hong Kong Special Administrative Region (the "**Hong Kong**") in 2025 appears cautiously optimistic. Our continued success in securing new contracts and winning contract tenders provides a good foundation for us to remain competitive in the industry and expand our revenue, customer base and market reach. The Hong Kong Government's policy in increasing land supply and commitment to infrastructure investments, particularly in housing and hospitals present significant opportunities for us. While labour shortage in the construction sector has been contributing to the cost pressures of construction players in Hong Kong, the Hong Kong Government has launched the Sector-specific Labour Importation Schemes (the "**Scheme**") to import specific sectors workers to alleviate the manpower shortfall in the construction industry.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group pursued contracts with more balanced risks and rewards, constrained by inflation, rising interest rates and workforce shortage, the businesses grown shall only be achieved by sustainable margins. With a solid level of contracts on hand, the Group should be a bit more selective in bidding in next year.

During the Financial Year 2024, the Group further optimized its gearing level and reduce its borrowings to maintain its financing costs at the lowest level.

Looking ahead, the Group will adhere to its strategies of providing high qualitative and flexible formwork solutions to its customers and construction technology innovation and sustainable development, by enhancing its patent Tableform and BIM technologies and expanding its capability in formwork design and build management to capture more business opportunities.

## **EVENT AFTER THE REPORTING PERIOD**

Save as disclosed in this annual report, there is no other important event affecting the Group since 31 March 2024 and up to the date of this annual report.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

### Mr. Wang Kei Ming (王麒銘)

Mr. Wang Kei Ming (“**Mr. Joseph Wang**”), aged 62, is the chairman of the Board (the “**Chairman**”), an executive Director and a controlling shareholder of the Company (the “**Controlling Shareholder**”). Mr. Joseph Wang is responsible for the overall strategic management and development of the Group’s business operations. Mr. Joseph Wang founded the Group in March 1994. He was appointed as director on 12 April 2016 and re-designated as an executive Director, the Chairman and chief executive officer of the Company (the “**Chief Executive Officer**”) on 18 July 2016. He resigned as the Chief Executive Officer on 18 January 2018. Mr. Joseph Wang is also a member of each of the nomination committee (the “**Nomination Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the Environmental Social and Governance Committee (the “**ESG Committee**”) of the Company. Mr. Joseph Wang was appointed as the director of Ming Tai Civil Engineering Company Limited on 28 March 1994 and the director of Ming Tai Construction on 3 May 1999. Mr. Joseph Wang is a director of all other subsidiaries of the Group.

Mr. Joseph Wang has over 46 years of experience in the formwork construction industry, having entered the construction industry as a formwork construction apprentice in 1978. From 1981 to 1993, he continued to gather extensive knowledge and expertise in formwork construction industry by participating in different construction projects. Mr. Joseph Wang then established Ming Tai Civil Engineering Company Limited in March 1994 and expanded his business by establishing Ming Tai Construction and Genuine Treasure Construction Technology Company Limited over the years. Mr. Joseph Wang was the vice president of the Hong Kong Formwork Contractors Association Limited from March 2011 to May 2015 and has been its president from May 2015 to July 2023 and has been its honorary president since July 2023. Mr. Joseph Wang has been the founding member of the Registered Specialist Trade Contractors Federation and acts as its executive vice president and treasurer since March 2020. Mr. Joseph Wang serves as a member of the Committee on Construction Safety of the Construction Industry Council since April 2022, the Sub-committee of Construction Industry Council Approved Technical Talents Training Programme (CICATP) – Intermediate Tradesman Collaboration Training Scheme from July 2019 to June 2023 and has been appointed as the Assessor of the Approved Employer List of CICATP since June 2021 and the sub-committee on trade testing of the Construction Industry Council. Mr. Joseph Wang has also been the founding member, executive director and treasurer of Construction Charity Fund Integrated Service Centre Limited, which is a tax-exempt charity in Hong Kong, since September 2021.

Mr. Joseph Wang is the spouse of Ms. Chao Lai Heng, the Chief Executive Officer and a Controlling Shareholder, and the father of Mr. Wang Yu Hin, an executive Director.

### Mr. Wang Yu Hin (王宇軒)

Mr. Wang Yu Hin (“**Mr. Benjamin Wang**”), aged 38, is an executive Director. Mr. Benjamin Wang is responsible for overseeing the Group’s operation, business development, human resources, and finance and administration. Mr. Benjamin Wang was appointed as an executive Director on 18 July 2016. Mr. Benjamin Wang is also a member of each of the ESG Committee and the risk committee of the Company (the “**Risk Committee**”).

Mr. Benjamin Wang graduated with a Bachelor of Science with a major in Chemistry from the University of California, Los Angeles, in September 2006. Mr. Benjamin Wang continued to pursue his postgraduate education in biochemical science in the United States from October 2006 to late 2010. Mr. Benjamin Wang also completed an advanced workshop for general managers (總經理高級研修班) at the Tsinghua University Training Centre of Professional Managers (清華大學職業經理訓練中心) in July 2015. He had worked in Osstem Hong Kong Limited from May 2011 to September 2014 with his last position as assistant sales manager. He then joined Ming Tai Construction as personal assistant to the director in September 2014 and was subsequently promoted to cost controller in January 2016. Mr. Benjamin Wang obtained a Certificate in Safety and Health for Supervisors (Construction) from the Occupational Safety and Health Council in August 2014. Mr. Benjamin Wang is appointed as Deputy Secretary of the Hong Kong Construction Sub-Contractors Association since July 2018. Mr. Benjamin Wang graduated from the EMBA-Global Asia programme offered by HKU Business School, Columbia Business School and London Business School in June 2019. Mr. Benjamin Wang joined Registered Specialist Trade Contractors Federation as Secretary of Youth Committee in May 2021.

Mr. Benjamin Wang is the son of Mr. Joseph Wang, the Chairman, an executive Director and a Controlling Shareholder, and the son of Ms. Chao Lai Heng, the Chief Executive Officer and a Controlling Shareholder.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. Lai Ah Ming Leon (黎雅明)

Mr. Lai Ah Ming Leon (“**Mr. Lai**”), aged 67, was appointed as an independent non-executive Director on 17 January 2017. He is the chairman of each of the Remuneration Committee and the Risk Committee and a member of each of the audit committee of the Company (the “**Audit Committee**”), the Nomination Committee and the ESG Committee.

Mr. Lai obtained a Bachelor of Laws with Honours from the University of Wales, University College, Cardiff in July 1982 and subsequently completed a Postgraduate Certificate in Laws at the University of Hong Kong in July 1986. Mr. Lai has been a practising solicitor in Hong Kong and a member of the Law Society of Hong Kong since August 1988 and is the sole proprietor of a law firm in Hong Kong. He has also been an advocate and solicitor of the Supreme Court of Singapore since February 1995. He currently is the independent non-executive director of Allan International Holdings Limited (stock code: 684) since December 1995 and CNC Holdings Limited (stock code: 8356) since April 2024.

### Mr. Kwong Ping Man (鄺炳文)

Mr. Kwong Ping Man (“**Mr. Kwong**”), aged 59, was appointed as an independent non-executive Director on 17 January 2017. He is the chairman of each of the Audit Committee and the ESG Committee and a member of each of the Nomination Committee, the Remuneration Committee and the Risk Committee.

Mr. Kwong has rich experience in accounting and administration and is currently a director of O’Park Corporate Services Limited. He had previously worked as accountant, company secretary and chief financial officer at various private companies and companies listed on the Main Board of the Stock Exchange.

Mr. Kwong currently is an independent non-executive director of Tang Palace (China) Holdings Limited (stock code: 1181), Rare Earth Magnesium Technology Group Holdings Limited (stock code: 601) and Landrich Holding Limited (stock code: 2132).

Besides, Mr. Kwong had been an independent non-executive director of the following companies until he retired from his office: Dragon King Group Holdings Limited (stock code: 8493) until April 2021, Century Sunshine Group Holdings Limited (stock code: 509) (formerly known as Century Sunshine Ecological Technology Holdings Ltd. (stock code: 8276)) until June 2019, Elegance Optical International Holdings Limited (stock code: 907) until April 2017 and Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341) until March 2017.

Mr. Kwong obtained a bachelor’s degree in commerce accounting from Curtin University of Technology in Australia in August 1996, a postgraduate diploma in corporate administration (part-time) from the Hong Kong Polytechnic University in November 1998 and a master’s degree in professional accounting from the Hong Kong Polytechnic University in November 2003. He is a member of the Australian Society of Certified Practising Accountants (now known as CPA Australia), a fellow member of the Hong Kong Institute of Certified Public Accountants, and an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute respectively.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Mr. Sio Kam Seng (蕭錦成)

Mr. Sio Kam Seng (“**Mr. Sio**”), aged 65, was appointed as an independent non-executive Director on 17 January 2018. He is the chairman of the Nomination Committee and the member of each of the Audit Committee, the Remuneration Committee, ESG Committee and the Risk Committee.

Mr. Sio graduated from The Queen’s University of Brighton in 2002 with a Bachelor of Science in Construction Engineering and Management. He obtained a Postgraduate Diploma and a master’s degree in Business Administration from the University of Wales in 2005 and 2012, respectively. He is currently a member of the Institute of Certified Management Accountants and the Institute of Public Accountants in Australia, the Society of Environmental Engineers, the Chartered Institute of Building, the Hong Kong Institute of Directors, and the Hong Kong Management Association. He is also a fellow member of Life Management Institute, an associate member of the Chartered Institute of Arbitrators and a senior associate member of Australian and New Zealand Institute of Insurance and Finance.

Mr. Sio has over 26 years of experience in the insurance industry. Prior to joining the Group, he worked at HSBC Insurance Company Limited from 1989 to 1992 and his last position was area manager. He then served in Sime Insurance Brokers (HK) Ltd from 1993 to 1995 with his last position as assistant general manager. He then worked at Man Sang Holdings Inc from 1995 to 1997 and his last position was chief executive officer. He served in Howden Insurance Brokers (HK) Limited from 1998 to 2017 and his last position was chief executive officer. He has been a director of China Metro-Rural Holdings Limited since 2009, a company that develops and operates integrated agricultural logistics platforms and engages in rural-urban migration redevelopment in mainland China. He has also been a deputy chief executive officer of Lockton Companies (Hong Kong) Limited since 1 January 2018, a company that provides risk consulting and insurance broking services.

## SENIOR MANAGEMENT

### Ms. Chao Lai Heng (周麗卿)

Ms. Chao Lai Heng (“**Ms. Chao**”), aged 58, was appointed as the Chief Executive Officer on 18 January 2018. Ms. Chao is a Controlling Shareholder.

Ms. Chao completed the advanced class of excellent leading (卓越領導高級研修班) in August 2013 and class of chairman of strategic emerging industries investment (戰略性新興產業投資董事長高級研修班) in June 2017 at the School of Continuing Education, Tsinghua University. Prior to joining the Company, Ms. Chao worked for Ming Tai Construction, an indirect wholly-owned subsidiary of the Company, in the position of Manager from 1 September 2012 to 31 December 2015, and was a director of Oi Shun Ming Building Construction Limited from 1 September 2006 to 31 August 2012. Ms. Chao has been a director of Chao Feng Holdings Limited since 1 January 2016, a company that manages various types of industrial, business and real estate investment.

Ms. Chao is the spouse of Mr. Joseph Wang, the Chairman, an executive Director and a Controlling Shareholder, and the mother of Mr. Benjamin Wang, an executive Director.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Mr. Chan Wing Seng (陳永成)

Mr. Chan Wing Seng (“**Mr. Chan WS**”), aged 57, is the financial controller of the Group. Mr. Chan WS is responsible for overseeing the Group’s financial and human resources operations, compliance affairs and strategic management. He joined the Group in May 2013.

Mr. Chan WS has over 32 years of experience in accounting and administration. Prior to joining the Group, Mr. Chan WS worked for Yeebo LCD Limited (stock code: 259), as financial controller from 2005 to 2006. He then worked for Hung Wan Construction Company Limited, as financial controller from 2006 to 2012. During 2012, he worked in Gemdale Properties and Investment Corporation Limited (stock code: 535), as senior manager–finance.

Mr. Chan WS obtained a Certificate in Accountancy from the Tuen Mun Technical Institute in June 1988 and a Higher Certificate in Accountancy and a Post-experience Certificate in Accountancy from the Hong Kong Polytechnic University in November 1991 and October 1995, respectively. He then obtained his Master’s degrees of Professional Accounting and Corporate Governance from the Hong Kong Metropolitan University in June 2004 and June 2009, respectively. Mr. Chan WS has been an accredited accounting technician of the Hong Kong Association of Accounting Technicians since June 1990. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since September 1996 and each of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute since November 2009. Mr. Chan WS has also been a fellow member of the Association of Chartered Certified Accountants since June 2001. Among other professional qualifications, Mr. Chan WS obtained a Certificate in Sustainability Professionals from the University of Hong Kong School of Professional and Continuing Education in September 2020, he also accredited to Hong Kong Chartered Governance Institute–Environmental, Social and Governance Reporting Certification Course since July 2023 and further obtained an Executive Diploma in Sustainable Development Planning from the Hong Kong Institute of Education for Sustainable Development in April 2024. Mr. Chan WS has been a Certified Sustainable Development Planner (CSDP) since June 2024.

## COMPANY SECRETARY

### Ms. Yim Sau Ping (嚴秀屏)

Ms. Yim Sau Ping (“**Ms. Yim**”), aged 41, prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (stock code: 1246), now known as Boill Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for Tonking New Energy Group Holdings Limited (stock code: 8326), a company listed on GEM of the Stock Exchange, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of two companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 15 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). In the opinion of the Board, the Company has fully complied with the CG Code during the Financial Year 2024.

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix C1 to the Listing Rules and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended CG Code have long been adopted by the Group as our corporate governance practices over the years. These are highlighted in the following table:

### New Requirements

### Group’s practices

Align the company’s culture with its purpose, values and strategy (Code Provision A.1.1)

A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. It is the Board’s role to foster a corporate culture with two core principles to guide the behaviours of its employees, and ensure that the Company’s vision, values and business strategies are aligned to it.

For details, please refer to “Cultures and Values” section of this Corporate Governance Report.

Establish policy(ies) and system(s) that promote and support anticorruption laws and regulations (Code Provision D.2.7)

The Group’s Integrity Policy (as defined below) has been adopted since 2021. The policy covers aspects such as corruption, code of conduct, guidance on gifts, entertainment and gratuities, the Group’s expectations and requirements of business ethics, as well as investigation and reporting mechanism of suspected corruption practices.

Any convicted cases will be reported to the Board and the Audit Committee.

For details, please refer to “Risk Management and Internal Control – Integrity Policy” section of this Corporate Governance Report.

Establish whistleblowing policy and system (Code Provision D.2.6)

The Group has adopted the Whistleblowing Policy (as defined below) since 2018.

Any convicted cases will be reported to the Board and the Audit Committee.

For details, please refer to “Risk Management and Internal Control – Whistleblowing Policy” section of this Corporate Governance Report.



# CORPORATE GOVERNANCE REPORT

## New Requirements

Communications with shareholders and annual review (Paragraph L of the Mandatory Disclosure Requirement)

Equity-based remuneration (e.g. share options or grants) with performance related elements should not be granted to independent non-executive directors (Recommended Best Practice E.1.9)

(i) Annually review the implementation and effectiveness of the board diversity policy; and (ii) disclose the mechanism(s) to ensure independent views and input are available to the Board, and annually review of the implementation and effectiveness of such mechanism(s) (Code Provisions B.1.3 and B.1.4)

Gender diversity targets at board level and across workforce

Board level – to set and disclose numerical targets and timelines for achieving gender diversity.

Workforce level – to disclose and explain the gender ratio (including senior management), any plans or measurable objectives the company has set for achieving gender diversity. (Paragraph J of the Mandatory Disclosure Requirement)

## Group's practices

The Shareholders' Communication Policy (as defined below) has been adopted since 2018. It sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. The Shareholders' Communication Policy is reviewed by the Board on a regular basis.

For details, please refer to "Communication with shareholders and investor relations" section of this Corporate Governance Report.

We have a benchmarked approach in determining our non-executive Directors' remuneration, which does not involve equity-based remuneration with performance-related elements.

The level of remuneration payable to non-executive Directors (including independent non-executive Directors) is also subject to shareholders' approval.

The Group's Board Diversity Policy (as defined below) has been adopted by the Board since 2018 and is subject to annual review by the Nomination Committee.

The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board; details of which are explained in the "Independent non-executive Directors" section of this Corporate Governance Report.

The Board is committed to assessing the independence of the independent non-executive Directors annually and ensuring that independent views and input are made available to the Board.

The Board currently has no female Director. Upon shareholders' approval of Ms. Chao's appointment at the forthcoming annual general meeting, her appointment shall increase female representation at the Board and enhance the Board's diversity.

Gender diversity at Board and workforce levels (including our senior management) is disclosed in the "Board Diversity Policy" and "Gender Ratio in Workforce" sections of this Corporate Governance Report and "Performance Data Table – Social" section in the ESG Report.

# CORPORATE GOVERNANCE REPORT

## New Requirements

Establish a nomination committee chaired by the chairman of the Board or an independent non-executive director and comprising a majority of independent non-executive directors (Listing Rule 3.27A)

Elaborate the linkage between corporate governance and ESG (Introductory paragraph in the CG Code, Principle D.2, Code Provisions D.2.2 and D.2.3)

Publish ESG reports at the same time as publication of annual reports (Listing Rule 13.91(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)

## Group's practices

The Nomination Committee, which comprises a majority of independent non-executive Directors, is chaired by an independent non-executive Director.

For details, please refer to "Board Committee – Nomination Committee" section of this Corporate Governance Report.

The linkage is shown in "Sustainability Governance" section of the ESG Report.

The ESG Report was published at the same time as the annual report for the Financial Year 2024.

## CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

### 1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the Integrity Policy and the Whistleblowing Policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

### 2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

The key corporate governance practices of the Group are summarised as follows:

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry with the Directors, all Directors confirmed that they had fully complied with the required standards of dealing set out in the Model Code and there was no event of non-compliance during the Financial Year 2024.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITIES AND DELEGATION

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company's overall operation. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

- 1) To develop and review the policies and practices on corporate governance of the Group and make recommendations;
- 2) To review and monitor the training and continuous professional development of the Directors and the senior management;
- 3) To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- 4) To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group; and
- 5) To review the Company's compliance with the CG Code as set out in Appendix C1 to the Listing Rules and disclosure in the corporate governance report of the Company.

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

## BOARD COMPOSITION

The Board currently comprises two executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

### Executive Directors

Mr. Wang Kei Ming (*Chairman*)

Mr. Wang Yu Hin

### Independent Non-executive Directors

Mr. Lai Ah Ming Leon

Mr. Kwong Ping Man

Mr. Sio Kam Seng

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" in this annual report. Save as disclosed therein, none of the members of the Board has any financial, business, family or other material/relevant relationships with each other.

The current proportion of independent non-executive Director is higher than what is required by Rules 3.10A, 3.10(1) and (2) of the Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company which has been renewed and is commencing from 6 February 2023. The letters of appointment of Mr. Lai, Mr. Kwong and Mr. Sio, the independent non-executive Directors, have been renewed and are for a term of three years commencing from 6 February 2023. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Company's memorandum and articles of association and the applicable Listing Rules.

Pursuant to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the Company's memorandum and articles of association provides that any Directors appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after their appointment and are subject to re-election by shareholders of the Company. Any Director appointed by the Board, as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Mr. Lai and Mr. Kwong will retire from office at the forthcoming annual general meeting of the Company to be held on Thursday, 5 September 2024. Each of them, both being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Lai and Mr. Kwong as an independent non-executive Director.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separated and not performed by the same individual to avoid power being concentrated in any one individual. Mr. Joseph Wang was the Chairman and Ms. Chao was the Chief Executive Officer during the Financial Year 2024.

## DIRECTORS' AND OFFICERS' LIABILITIES

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as to ensure that the interests of all shareholders of the Company are taken into account. The requirement regarding the representation of independent non-executive Directors is, that there must be more than one-third of the members of the Board with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

# CORPORATE GOVERNANCE REPORT

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the other Directors.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

## DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Financial Year 2024, the Company has provided and all Directors have attended at least one training course on the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

The individual training record of each Director received during the Financial Year 2024 is as follows:

<b>Name of Directors</b>	<b>Attending seminars and trainings/reading materials relevant to director's duties</b>
Mr. Wang Kei Ming	✓
Mr. Wang Yu Hin	✓
Mr. Lai Ah Ming Leon	✓
Mr. Kwong Ping Man	✓
Mr. Sio Kam Seng	✓

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established five Board committees, namely, the Remuneration Committee, the Nomination Committee, the Audit Committee, the ESG Committee and the Risk Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.royal-deluxe.com](http://www.royal-deluxe.com). All Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expenses.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, carrying out training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

## ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the Financial Year 2024, the Chairman held at least one meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at Board meetings and Board's committee meetings held during the Financial Year 2024:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	ESG Committee Meeting	Risk Committee Meeting	Annual General Meeting
	Number of Meetings Attended/Held						
<b>Executive Directors:</b>							
Mr. Wang Kei Ming	4/4	-	2/2	1/1	1/1	-	1/1
Mr. Wang Yu Hin	4/4	-	-	-	1/1	2/2	1/1
<b>Independent Non-executive Directors:</b>							
Mr. Lai Ah Ming Leon	4/4	4/4	2/2	1/1	1/1	2/2	1/1
Mr. Kwong Ping Man	4/4	4/4	2/2	1/1	1/1	2/2	1/1
Mr. Sio Kam Seng	4/4	4/4	2/2	1/1	1/1	2/2	1/1

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The Audit Committee was established on 17 January 2017. The chairman of the Audit Committee is Mr. Kwong, the independent non-executive Director, and other members include Mr. Lai and Mr. Sio, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules which mandate that the Audit Committee must comprise a minimum of three members, comprising non-executive Directors only, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director. At least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, oversee the financial controls, internal control procedures and risk management system, audit plan and relationship with external auditors and review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Financial Year 2024, the Audit Committee held four meetings to (i) review the condensed consolidated financial statements for the six months ended 30 September 2023; (ii) review the reports from the auditors, accounting principles and practices adopted by the Group, management representation letters and management's response in relation to the annual results for the Financial Year 2023; (iii) review the consolidated financial statements for the Financial Year 2023; (iv) review the Company's internal control procedures and risk management system, and recommend the same to the Board for approval; and (v) audit planning meeting for the Financial Year 2023 and 2024.

The Group's consolidated financial statements for the Financial Year 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Financial Year 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 17 January 2017. The chairman of the Remuneration Committee is Mr. Lai, the independent non-executive Director, and other members include Mr. Joseph Wang, the Chairman and the executive Director, Mr. Kwong and Mr. Sio, the independent non-executive Directors. The written terms of reference of the Remuneration Committee have been revised pursuant to Board resolution passed on 30 December 2022 and are posted on the Stock Exchange's website and the Company's website.

The principle role and functions of the Remuneration Committee are to review the remuneration packages of individual executive Directors and key executives, including salaries, bonuses, benefits in kind and the terms of which they participate in any share schemes and other plans considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and key executives, employment conditions elsewhere in the Group and desirability of performance-based remuneration and making recommendations to the Board from time to time. The Remuneration Committee also assesses the performance of the executive Directors, approves the terms of their service contracts, and reviews and/or approves matters relating to share schemes under Chapter 17 of the Listing Rules. The model code under code provision E.1.2(c)(ii) of the CG Code has been adopted.

The Remuneration Committee held two meetings to review the remuneration packages and remunerations of Directors and senior management and considered that they are fair and reasonable for the Financial Year 2024. No Director or any of his associates is involved in deciding his own remuneration. During the Financial Year 2024, there were no material matters relating to the share option scheme which required review or approval by the Remuneration Committee.

## NOMINATION COMMITTEE

The Nomination Committee was established on 17 January 2017. The chairman of the Nomination Committee is Mr. Sio, the independent non-executive Director, and other members include Mr. Joseph Wang, the Chairman and the executive Director, Mr. Lai and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and the Company's website.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis, the independence of independent non-executive Directors and making recommendations to the Board on appointment or re-appointment of Director. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

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.

During the Financial Year 2024, the Nomination Committee held one meeting to review and recommend the re-election of Directors.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The ESG Committee was established on 31 March 2020. The chairman of ESG Committee is Mr. Kwong, the independent non-executive Director, and other members include Mr. Joseph Wang, the Chairman and the executive Director, Mr. Benjamin Wang, the executive Director, Mr. Lai and Mr. Sio, the independent non-executive Directors. The written terms of reference of the ESG Committee are posted on the Stock Exchange's website and the Company's website.

The ESG Committee is responsible for reviewing the Company's environmental, social and governance policies and practices and monitoring the implementation of the same. Two subcommittees, the ESG Working Group (the "ESGWG") and the Corporate Safety, Health and Environmental Committee (the "CSHEC"), are delegated by the ESG Committee in order to ensure sufficient Board oversight of and input into ESG management strategy. The ESGWG monitors material ESG aspects within the operations, while the CSHEC is specific established for the corporate safety, health and environmental policies operations.

During the Financial Year 2024, the ESG Committee held one meeting to review ESG report for the Financial Year 2023.

## RISK COMMITTEE

The Risk Committee was established on 23 March 2022. The chairman of the Risk Committee is Mr. Lai, the independent non-executive Director, and other members include Mr. Benjamin Wang, an executive Director, Mr. Sio and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Risk Committee are posted on the Stock Exchange's website and the Company's website.

The Risk Committee is responsible for monitoring and overseeing the risk policies and strategies of the Group, and also support the Board in overseeing the management of climate risks and providing directions to address the impact of climate change and consider climate-related risks and opportunities in a holistic manner.

During the Financial Year 2024, the Risk Committee held two meetings to review the risk register and the risk management system of the Company for the Financial Year 2023 and the Financial Year 2024.



# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

The company secretary of the Company (the “**Company Secretary**”) assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Yim as its Company Secretary. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Mr. Joseph Wang, the Chairman and an executive Director, is the primary contact person for Ms. Yim.

For the Financial Year 2024, Ms. Yim undertook no less than 15 hours of relevant professional training to develop her skills and knowledge. The biographical details of Ms. Yim is set out in the section headed “Biographical Details of Directors and Senior Management” in this annual report.

## BOARD DIVERSITY POLICY

The Board adopted a Board diversity policy (the “**Board Diversity Policy**”) on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

### Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider Board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will adhere to the Board Diversity Policy to ensure that there is at least one female Director in the Board and is committed to further enhancing gender diversity as and when suitable candidates are identified. The Nomination Committee will deploy multiple channels to identify suitable candidates as Directors, including referral from Directors, shareholders, management, advisors of the Company and external agents as and when appropriate such that a robust pipeline of female successors to the Board can be established in the near future.

### Monitoring and Reporting

The composition of the Board will be disclosed annually in the corporate governance report and the Nomination Committee will monitor and review the implementation and effectiveness of the Board Diversity Policy on an annual basis.

The Board currently has no female Director. The Board proposed to appoint Ms. Chao, the Chief Executive Officer, as an executive Director with effect from the conclusion of the forthcoming annual general meeting of the Company. Upon shareholders’ approval of Ms. Chao’s appointment at the forthcoming annual general meeting, her appointment shall increase female representation at the Board and enhance the Board’s diversity. The Nomination Committee will report annually, in the corporate governance report, on the Board’s composition under diversified perspectives, and monitor the implementation of this Board Diversity Policy including but is not limited to the progress towards meeting the measurable objectives of this policy.

## GENDER RATIO IN WORKFORCE

The Group is dedicated to achieving a balance between growth and diversity in its business and governance practices. The Group is committed to ensuring that recruitment at all levels, including the Board, adheres to stringent diversity criteria in order to consider an expensive pool of talented individuals. The Group firmly believes that diversity is an asset to the Group.

The Group will continue to take gender diversity into consideration during recruitment. The Group will continue to take opportunities to increase the proportion of female workforce over time as and when suitable candidates are identified. For details of the gender ratio in the workforce, please refer to the section headed "Performance Data Table – Social" in the ESG Report.

## NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

### Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. This also ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

### Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

- (a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- (b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
- (c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;
- (d) Independence;
- (e) Reputation for integrity;
- (f) Potential contributions that the individual(s) can bring to the Board; and
- (g) Commitment to enhance and maximize shareholders' value.

### Re-election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to:

- (a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and
- (b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

# CORPORATE GOVERNANCE REPORT

## Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

## Monitoring and Reporting

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

## Review of Nomination Policy

The Nomination Committee will launch a formal process to review the Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

## Disclosure of Nomination Policy

A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year will be disclosed in the annual corporate governance report.

In the circular to shareholders for proposing a candidate as an independent non-executive Director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and the management of the Company for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the Financial Year 2024 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

# CORPORATE GOVERNANCE REPORT

The Group has yet to establish its internal audit function during the Financial Year 2024 as required under code provision D.2.5 of CG Code. The Audit Committee and the Board, has considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statements audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Risk Committee, which was delegated by the Board, will review the effectiveness of the Group's risk management system. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

## Whistleblowing Policy

The Board has set up a whistleblowing policy (the "**Whistleblowing Policy**") since 2018. The purpose of the Whistleblowing Policy is to (i) help detect and address unacceptable conduct; (ii) help provide a complainant with a supportive environment in which he or she feels able to raise issues of legitimate concern to them and to the Company; and (iii) help protect people who report unacceptable conduct in good faith.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the Financial Year 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

## Integrity Policy

The Board has adopted an integrity policy (the "**Integrity Policy**") since 2021. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The Integrity Policy forms an integral part of the Group's corporate governance framework. The Integrity Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, this Integrity Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Integrity Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

## AUDITORS' REMUNERATION

During the Financial Year 2024, the remuneration paid or payable to the external auditors of the Company, Crowe (HK) CPA Limited, in respect of the audit and non-audit services were as follows:

<b>Services rendered</b>	<b>Remuneration paid/payable HK\$'000</b>
Audit services	
– Statutory audit services	910
Non-audit services	
– Perform an agreed upon procedures engagement in respect of the continuing connected transactions	80
– Assisting in reviewing the disclosure of interim financial report	180
	<hr/>
	1,170

## SHAREHOLDERS' RIGHT

One of the measures to safeguard shareholders' interest and rights is to separate resolutions proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis, in the share capital of the Company (the "**Requisitionists**") (as the case may be) pursuant to article 64 of the Company's memorandum and articles of association. The Requisitionists shall be able to add resolutions to the meeting agenda. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong at Unit A, 22/F, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong or email to rdh@royal-deluxe.com.

## DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguards the confidentiality of the inside information before it is properly disclosed to public; and
- communicates with the Group's stakeholders, including shareholders, investors, analysts, etc. in accordance with procedures which are in compliance with the Listing Rules.

# CORPORATE GOVERNANCE REPORT

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders communication policy (the "**Shareholders' Communication Policy**") with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with its shareholders as follows:

- (i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.royal-deluxe.com](http://www.royal-deluxe.com);
- (ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) Corporate information is made available on the Company's website;
- (iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) The Company's branch share registrar and transfer office in Hong Kong serves the shareholders in respect of share registration, dividend payment and related matters.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of its Shareholders' Communication Policy for the Financial Year 2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group's financial performance, strategic direction and material business development, the Board is of view that the Company has established an effective communication channel with its shareholders and considers that the Company's Shareholders' Communication Policy and its implementation are effective.

During the Financial Year 2024, there was no change in the Company's memorandum and articles of association.

The Board hereby presents the annual report together with the audited consolidated financial statements of the Group for the Financial Year 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong. The details of the principal activities of the subsidiaries are set out in note 32 to the consolidated financial statements. There was no significant change in the Group's principal activities during the Financial Year 2024.

## PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 12 April 2016. Its registered office and principal place of business are at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit A, 22/F, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

## DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.



# DIRECTORS' REPORT

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## RESULTS AND DIVIDEND

The results of the Group for the Financial Year 2024 and the state of affairs of the Company and the Group as at 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income, note 33 to the consolidated financial statements and the consolidated statement of financial position in this annual report respectively.

The Board does not recommend the payment of any final dividend in respect of the Financial Year 2024 (Financial Year 2023: Nil).

## CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 5 September 2024 (the "2024 AGM"). To determine the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 2 September 2024 to Thursday, 5 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 30 August 2024.

## BUSINESS REVIEW

The review of the Group's business for the Financial Year 2024 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" on pages 3 to 4 and "Management Discussion and Analysis" on pages 7 to 18 of this annual report. The description of principal risks and uncertainties the Group is facing and key performance indicators are set out in the section headed, "Management Discussion and Analysis" of this annual report. The financial risk management objectives and policies of the Group are set out in note 30(b) to the consolidated financial statements.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to minimising the adverse impact to the environment caused by business operations. In order to comply with the applicable environmental protection laws and regulations, the Group established an environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. The Group will continue to reduce the impacts of its operation on the environment and continue to make efforts to pursue green.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Financial Year 2024, there was no material breach or non-compliance with the applicable laws and regulation by the Group.

## RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group treasures the relationship with all of its stakeholders and attempts to engage them through different initiatives. Human capital is the most valuable asset of the Group. The Group provides and reviews regularly the remuneration packages, training programmes, and staff engagement activities to keep it competitive and attract, nurture and retain talents and employees.

A long-term good relationship with business partners (as well as suppliers and customers) brings benefits for the Group and is important in accomplishing its immediate and long-term goals.

Apart from the connection in business relationship, the Group also engages its customers and suppliers to collaborate and strive for better performance in business operation, environment, and community investment. The Group encourages employees to engage in community activities voluntarily.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Financial Year 2024 are set out in note 13 to the consolidated financial statements.

## SHARE CAPITAL

The Company's total issued share capital as at 31 March 2024 was 1,200,000,000 ordinary shares of HK\$0.01 each.

Details of movements of the share capital of the Company during the Financial Year 2024 are set out in note 24 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Company and the Group during the Financial Year 2024 are set out in note 33 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

## DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's reserves available for distribution to owners comprising the aggregate amount of share premium less accumulated losses, amounted to approximately HK\$66.1 million.

## GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 114. This summary does not form part of the audited consolidated financial statements of the Group.

# DIRECTORS' REPORT

## DIRECTORS

The Directors of the Company during the Financial Year 2024 and up to the date of this annual report were as follows:

### Executive Directors

Mr. Wang Kei Ming (*Chairman*)

Mr. Wang Yu Hin

### Independent Non-executive Directors

Mr. Lai Ah Ming Leon

Mr. Kwong Ping Man

Mr. Sio Kam Seng

Information regarding Directors' emoluments are set out in note 10 to the consolidated financial statements.

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

By virtue of article 108 of the memorandum and articles of association of the Company, Mr. Lai and Mr. Kwong will retire at the 2024 AGM and, all being eligible, will offer themselves for re-election at the said meeting.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors to be independent.

## DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the Financial Year 2024.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" below, at no time during the Financial Year 2024 were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any director or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire the rights in any other body corporate.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the Financial Year 2024.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares and underlying shares of the Company

Name of director/chief executive	Capacity/Nature of interest	Number of underlying shares of the Company held	Approximate percentage of shareholding
Mr. Joseph Wang (note)	Interested in controlled corporations/ Interest of spouse	850,800,000	70.9%
Ms. Chao (note)	Interested in controlled corporations/ Interest of spouse	850,800,000	70.9%
Mr. Benjamin Wang	Beneficial owner	9,880,000	0.8%

Note:

Each of Mr. Joseph Wang and Ms. Chao holds 50% of the issued share capital of Wang K M Limited ("**Wang K M**"), which directly holds 66.8% of the shares of the Company. Each of Mr. Joseph Wang and Ms. Chao also holds 50% of the issued share capital of K C Limited, which directly holds 4.1% of the shares of the Company. Ms. Chao is the spouse of Mr. Joseph Wang. Therefore, Each of Mr. Joseph Wang and Ms. Chao is deemed, or taken to be, interested in the same number of shares of the Company in which Wang K M and K C Limited are interested for the purpose of the SFO. Mr. Joseph Wang is the sole director of each of Wang K M and K C Limited.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# DIRECTORS' REPORT

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

So far as known to the Directors or chief executive of the Company, as at 31 March 2024, the following persons/entities (other than the Directors or chief executive of the Company) had or were deemed to have an interest or a short position in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meeting of the Company or any other member of the Group:

### Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of underlying shares of the Company held	Approximate percentage of shareholding
Wang K M	Beneficial owner	801,600,000	66.8%
K C Limited	Beneficial owner	49,200,000	4.1%

Save as disclosed above, as at 31 March 2024, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interest and short positions in shares, underlying shares and debentures" above, who had or were deemed to have an interest or a short position in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

## SHARE OPTION AND SHARE AWARD SCHEMES

The Company conditionally adopted a share option scheme on 17 January 2017 (the "2017 Share Option Scheme"). The Company terminated the 2017 Share Option Scheme and adopted a new share option scheme (the "2023 Share Option Scheme") and a share award scheme (the "2023 Share Award Scheme") (together, the "Share Schemes") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 September 2023 (the "Adoption Date"). Unless otherwise altered or terminated, the Share Schemes will be valid and effective for a period of 10 years commencing on the Adoption Date.

The purpose of the 2023 Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group, and to enable the Group to grant options to the eligible participants as incentives or rewards for their contributions with the view of achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group. The eligible participant(s) under the 2023 Share Option Scheme include directors and employees of the Group and individuals or entities that provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business (the "Service Providers").

The purpose of the 2023 Share Award Scheme is to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting awards to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group. The 2023 Share Award Scheme is intended to strengthen the long-term relationships that the eligible participants may have with the Group. The eligible participant(s) under the 2023 Share Award Scheme include the directors and employees of the Group (including persons who are granted awards as inducement to enter into employment contracts with the Group).

Pursuant to the terms of the Share Schemes and in compliance with Chapter 17 of the Listing Rules, the total number of shares which may be issued upon exercise of all share options to be granted under the Share Schemes and all other share schemes of the Company shall not exceed 10% of the total number of the Company's issued shares as at the Adoption Date of the Share Schemes (i.e. 120,000,000 Shares) (the "**Scheme Mandate Limit**"). The total number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share schemes of the Company shall not exceed 1% of the total number of Shares in issue on the Adoption Date (i.e. 12,000,000 Shares) (the "**Service Provider Sublimit**").

The principal terms of the Share Schemes are set out in a circular of the Company dated 24 August 2023. As at the date of this annual report, the Share Scheme has a remaining life of approximately 9 years and the total number of shares available for issue under the Share Scheme was 120,000,000 Shares (representing 10% of the issued Shares of the Company as at such date). Further details of the Share Schemes are set out in note 25 to the consolidated financial statements.

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Two non-exempt continuing connected transaction agreements have been renewed on 3 May 2022 and will continue to be carried out between the Company and Genuine Treasure Construction Material Limited ("**GT Material**") and Genuine Treasure Access and Scaffolding Limited ("**GT Scaffolding**") respectively for a fixed term from 3 May 2022 to 31 March 2025.

GT Material and GT Scaffolding are companies incorporated in Hong Kong with limited liability on 10 March 2000 and 20 December 2013 respectively. Both GT Material and GT Scaffolding are wholly-owned by Ms. Wang Mung Nien Ann, the sister of Mr. Joseph Wang, the Chairman and an executive Director, and the aunt of Mr. Benjamin Wang, an executive Director. GT Material and GT Scaffolding are therefore connected persons of the Company under the Listing Rules.

### GTM Framework Agreement

On 3 May 2022, the Group renewed the agreement between the Company and GT Material for a fixed term from 3 May 2022 to 31 March 2025 (the "**GTM Framework Agreement**"), pursuant to which GT Material agreed to provide and transport construction materials to the Group from time to time upon the request by the Group. The annual cap for the three years ended 31 March 2023, 2024 and 2025 are approximately HK\$17,500,000, HK\$17,500,000 and HK\$17,000,000 respectively and were approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 July 2022.

# DIRECTORS' REPORT

The Group has a good and long standing relationship with GT Material and the Group has purchased construction materials from GT Material since 2003. Construction materials purchased from GT Material are used to build timber formwork and GT Material has in the past provided tailor-made services according to the Group's product specifications. The Directors confirm that the quality and delivery of construction materials from GT Material have satisfied the Group's requirements. The GTM Framework Agreement offers no exclusivity rights to GT Material and the Group has the liberty to source any materials that may be supplied by any other supplier. The Group maintains a list of qualified suppliers which the Group acquires construction materials or services from. As the Group also selects other independent suppliers from time to time, the Directors are of the view that it will be in the interest of the Group to continue such transactions with GT Material to diversify its supplier base so as to obtain a stable supply of materials or services.

Taking into account that the services provided to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Directors, including the non-executive Directors, is of the view that the terms of the GTM Framework Agreement (including the annual caps) are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GTS Framework Agreement**

On 3 May 2022, the Group renewed the agreement between the Company and GT Scaffolding for a fixed term from 3 May 2022 to 31 March 2025 (the "**GTS Framework Agreement**"), pursuant to which GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon the requested by the Group. The annual cap for the three years ended 31 March 2023, 2024 and 2025 are approximately HK\$37,000,000, HK\$40,000,000 and HK\$40,000,000 respectively and were approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 July 2022.

The Group has established the business relationship with GT Scaffolding since 2014. Having considered (i) the GT Scaffolding's expertise in providing and assembling metal scaffolds; (ii) the knowledge of the properties, loading capacities and correct assembly methods for the metal scaffolds it provides; (iii) job references from assembling large scale and complex metal scaffolding falsework; and (iv) the more favourable prices generally offered by GT Scaffolding as compared with other independent third parties due to good and long standing relationship with GT Scaffolding, the Directors are of the view that it is in the best interest of the Group to include GT Scaffolding in the qualified list of vendors and renew the transactions for the provision of rental of metal scaffolds, supporting equipment, technical support and transport services from GT Scaffolding.

Taking into account that the services provided to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Board is of the view that the terms of the GTS Framework Agreement (including the annual caps) are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Directors, including the independent non-executive Directors, consider that all of the continuing connected transactions above and their respective annual caps are fair and reasonable, and that such transactions have been and will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 March 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Save for the non-exempted continuing connected transactions as disclosed above, the Group has also entered into other related party transactions which falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules and are fully exempted from shareholder's approval, annual review and all disclosure requirements. For the details of all fully exempted and non-exempted continuing connected transactions, please refer to note 28 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## **RETIREMENT BENEFIT SCHEME**

Details of the Group's retirement benefit scheme are set out in note 26 to the consolidated financial statements.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Save as disclosed in the sub-section headed "Related Party Transactions and Connected Transactions" in "Directors' Report" on pages 44 to 47 and note 28 to the consolidated financial statements, no director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Financial Year 2024.

## **CONTRACTS OF SIGNIFICANCE BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE SUBSIDIARIES**

For particulars of the contracts of significance between the Group and the Controlling Shareholders, Wang K M, Mr. Joseph Wang and Ms. Chao or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the Controlling Shareholders or their respective subsidiaries, please refer to the paragraph headed "Related Party Transactions and Connected Transactions" in "Directors' Report" on pages 44 to 47 and note 28 to the consolidated financial statements.

## **MANAGEMENT CONTRACTS**

Save for service contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the Financial Year 2024.

## **COMPETING BUSINESS**

During the Financial Year 2024, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.



# DIRECTORS' REPORT

## Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Joseph Wang and Wang K M (each a “**Covenantor**” and collectively the “**Covenantors**”) have entered into the Deed of Non-competition with the Company (for itself and for the benefit of each other member of the Group) on 17 January 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

On 13 January 2021, Ms. Chao subscribed for 1 issued share capital of Wang K M, which currently represents 50% shareholdings in Wang K M. Accordingly, Wang K M is beneficially owned as to 50% by Mr. Joseph Wang and 50% by Ms. Chao. Ms. Chao became one of the Controlling Shareholder.

Each of the Covenantors further undertakes that if any of he/she/it or his/her/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/she/it shall (and he/she/it shall procure his/its close associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Each of the convenantors also gave certain non-competition undertakings under the Deed of Non-competition as set out in the paragraph headed “Relationship with our controlling shareholders – Non-competition undertaking” in the Prospectus.

During the Financial Year 2024, the Company had not received any information in writing from any of the Covenantors in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Covenantors or their associates (other than any member of the Group), and the Company has received an annual written confirmation from the Covenantors in respect of his/her/its associates' compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that the Covenantors had complied with the Deed of Non-competition.

## PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities secured or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted.

## EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management of the Company.

## EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10 to the consolidated financial statements.

The remuneration of the senior management of the Group who are non-Director and non-Chief Executive Officer for the Financial Year 2024 falls within the following bands:

<b>Remuneration Band</b>	<b>Number of Senior Management</b>
Up to HK\$1,000,000	–
HK\$1,000,001 to HK\$2,000,000	2
Above HK\$2,000,000	–

## PRE-EMPTIVE RIGHTS

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

## DONATION

Charitable donations made by the Group during the Financial Year 2024 amounted to approximately HK\$227,000 (2023: approximately HK\$312,000).

## SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, throughout the Financial Year 2024 and as at the latest practicable date prior to the issue of this annual report, the Directors confirm that the Company maintained a sufficient public float of at least 25% in the issued share capital of the Company as required under the Listing Rules.

# DIRECTORS' REPORT

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Financial Year 2024.

## MAJOR CUSTOMERS

During the Financial Year 2024, the Group's five largest customers accounted for approximately 93.0% (2023: 95.5%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 42.0% (2023: 57.0%) of the total revenue.

None of the Directors or any of their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

## MAJOR SUPPLIERS

During the Financial Year 2024, the Group's five largest suppliers accounted for approximately 71.6% (2023: 77.2%) of the total purchases of the Group and the largest supplier of the Group accounted for approximately 24.3% (2023: 29.0%) of the total purchases.

None of the Directors or any of their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

## CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the corporate governance report on pages 23 to 38 of this annual report.

## AUDITORS

Crowe (HK) CPA Limited was appointed as the auditors of the Company on 22 February 2023 to fill the casual vacancy following the resignation of HLB Hodgson Impey Cheng Limited on 13 February 2023. Details of the change of auditors were set out in the announcements of the Company dated 13 February 2023 and 22 February 2023. Saved as disclosed above, the Company had not changed its external auditors in any of the preceding three years.

The financial statements of the Company for the Financial Year 2024 were audited by Crowe (HK) CPA Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Crowe (HK) CPA Limited as auditors of the Company.

On behalf of the Board  
**Royal Deluxe Holdings Limited**  
**Wang Kei Ming**  
*Chairman and Executive Director*

Hong Kong, 24 June 2024

# INDEPENDENT AUDITORS' REPORT



國富浩華(香港)會計師事務所有限公司  
Crowe (HK) CPA Limited  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## TO THE SHAREHOLDERS OF ROYAL DELUXE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of Royal Deluxe Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 113, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy and other explanatory 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 ("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 ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

#### Key audit matter

#### How our audit addressed the key audit matter

#### Recognition of revenue from construction contracts

Refer to Note 5 to the consolidated financial statements and the accounting policies on Note 3 to the consolidated financial statements.

We identify the recognition of revenue from construction contracts as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole and estimation uncertainty involved.

As disclosed in Note 5 to the consolidated financial statements, the Group recognised revenue from construction contracts of HK\$783,575,000 for the year ended 31 March 2024 and the Group recognises revenue from construction contract based on the progress towards completion of the contract using output method.

Our audit procedures in relation to recognition of revenue from construction contracts mainly included:

- Obtaining an understanding of the control over recognition of revenue from construction contracts;
- Agreeing the contract sum to respective signed contracts with customers, on a sample basis;
- Discussing with management to understand the status and progress of completion of construction contracts during the year, on a sample basis; and
- Evaluating the reasonableness of the revenue from construction contracts by checking to latest payment certificates issued by customers or payment applications confirmed by internal surveyors, on a sample basis.

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment of trade receivables and contract assets

Refer to Note 16 and Note 17 to the consolidated financial statements and the accounting policies on Note 3 to the consolidated financial statements.

We identified the impairment of trade receivables and contract assets as a key audit matter due to the use of management's judgements and estimates in assessing the expected credit losses of the Group's trade receivables and contract assets at the end of the reporting period.

In determining the expected credit losses, the Group takes into consideration the credit quality of trade receivables and contract assets using forward-looking information and past collection history of the customer which requires management's judgements and estimates.

Our audit procedures in relation to impairment of trade receivables and contract assets mainly included:

- Obtaining an understanding and evaluating the methodologies and assumptions used by the Group in assessing expected credit losses;
- Testing on a sample basis the accuracy of ageing analysis of trade receivables;
- Testing the accuracy of the historical default data and evaluating if historical loss rates have been appropriately adjusted based on forward-looking information;
- Examining the reasonableness of the forward-looking information used by the management;
- Testing the accuracy of the calculation of the loss allowances as at 31 March 2024; and
- Testing the subsequent settlements of trade receivables on a sample basis.

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

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors' 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 AUDITORS' REPORT

## RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

# INDEPENDENT AUDITORS' REPORT

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Mr. Lau Kwok Hung.

**Crowe (HK) CPA Limited**  
*Certified Public Accountants*  
Hong Kong, 24 June 2024

**Lau Kwok Hung**  
Practising Certificate Number: P04169

# 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 from contracts with customers	5	783,575	702,112
Direct costs		(717,123)	(636,487)
Gross profit		66,452	65,625
Other income, other gains and losses, net	6	10,162	27,905
Administration and other operating expenses		(57,141)	(64,654)
(Provision)/reversal of loss allowance on trade and other receivables and contract assets	8	(2,082)	565
Impairment losses on property, plant and equipment	8	(2,807)	–
Finance costs	7	(1,185)	(2,772)
Profit before tax	8	13,399	26,669
Income tax expense	9	(3,629)	(5,257)
<b>Profit and total comprehensive income for the year</b>		<b>9,770</b>	21,412
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		9,770	21,403
– Non-controlling interests		–	9
		<b>9,770</b>	21,412
		<b>HK cents</b>	HK cents
<b>Earnings per share attributable to owners of the Company</b>			
– Basic and diluted	12	0.81	1.78

Details of dividend are disclosed in Note 11 to the consolidated financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	30,642	40,036
Right-of-use assets	14	34,827	35,729
Club membership		1,188	1,188
Deferred tax assets	23	1,237	156
		<b>67,894</b>	77,109
<b>Current assets</b>			
Inventories	15	6,397	17,411
Trade and other receivables	16	120,867	43,034
Contract assets	17	195,276	198,470
Bank balances and cash	18	88,217	68,964
Current tax recoverable		1,346	378
		<b>412,103</b>	328,257
<b>Current liabilities</b>			
Trade and other payables	19	111,736	76,331
Contract liabilities	21	45,801	2,843
Lease liabilities	20	236	–
Borrowings	22	–	16,166
Current tax liabilities		4,479	2,251
		<b>162,252</b>	97,591
<b>Net current assets</b>		<b>249,851</b>	230,666
<b>Total assets less current liabilities</b>		<b>317,745</b>	307,775

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	23	722	918
Lease liabilities	20	396	–
		<b>1,118</b>	918
<b>Net assets</b>			
		<b>316,627</b>	306,857
<b>Capital and reserves</b>			
Share capital	24	12,000	12,000
Reserves		304,627	294,857
		<b>316,627</b>	306,857
Equity attributable to owners of the Company		–	–
Non-controlling interests		–	–
		<b>316,627</b>	306,857

The consolidated financial statements on pages 55 to 113 were approved and authorised for issue by the board of directors on 24 June 2024 and signed on its behalf by:

**Mr. Wang Kei Ming**  
*Director*

**Mr. Wang Yu Hin**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 24)		(Note)	(Note)				
Balance at 1 April 2022	12,000	94,956	1,020	–	177,524	285,500	(55)	285,445
Profit and total comprehensive income for the year	–	–	–	–	21,403	21,403	9	21,412
Acquisition of additional interest in a subsidiary	–	–	–	(46)	–	(46)	46	–
Balance at 31 March 2023 and 1 April 2023	12,000	94,956	1,020	(46)	198,927	306,857	–	306,857
Profit and total comprehensive income for the year	–	–	–	–	<b>9,770</b>	<b>9,770</b>	–	<b>9,770</b>
Balance at 31 March 2024	<b>12,000</b>	<b>94,956</b>	<b>1,020</b>	<b>(46)</b>	<b>208,697</b>	<b>316,627</b>	–	<b>316,627</b>

Note:

Special reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the corporate reorganisation undertaken in preparation for the listing of the Company's shares.

Other reserves represent the difference between the consideration paid to acquire additional interest in subsidiaries from non-controlling interest and the relevant carrying value of acquired.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	13,399	26,669
Adjustments for:		
Depreciation of property, plant and equipment	10,798	9,613
Depreciation of right-of-use assets	1,624	1,661
Loss on disposal of items of property, plant and equipment	519	25
Provision/(reversal) of loss allowance on trade and other receivables and contract assets	2,082	(565)
Impairment losses on property, plant and equipment	2,807	–
Interest expenses	1,185	2,772
Interest income	(1,097)	(205)
Operating cash flows before movements in working capital	31,317	39,970
Decrease/(increase) in inventories	11,014	(15,377)
(Increase)/decrease in trade and other receivables	(79,168)	8,853
Decrease in contract assets	2,447	12,749
Increase in contract liabilities	42,958	2,843
Increase/(decrease) in trade and other payables	35,405	(15,400)
Cash generated from operations	43,973	33,638
Interest received	1,097	205
Interest paid	(1,183)	(2,768)
Hong Kong Profits Tax refunded	78	–
Hong Kong Profits Tax paid	(3,724)	(5,609)
<b>Net cash generated from operating activities</b>	<b>40,241</b>	<b>25,466</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(4,849)	(8,618)
Proceeds from disposal of property, plant and equipment	119	131
Increase in restricted bank deposits	(7,008)	(4)
<b>Net cash used in investing activities</b>	<b>(11,738)</b>	<b>(8,491)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,000	41,000
Repayment of borrowings		(21,166)	(59,347)
Repayment of lease liabilities		(92)	(200)
<b>Net cash used in financing activities</b>		<b>(16,258)</b>	<b>(18,547)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,245</b>	<b>(1,572)</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>65,942</b>	<b>67,514</b>
<b>Cash and cash equivalents at the end of year</b>	18	<b>78,187</b>	<b>65,942</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 12 April 2016 as an exempted company with limited liability under the companies law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 February 2017 (the "Listing"). Its parent company and ultimate holding company is Wang K M Limited, a company incorporated in the British Virgin Islands and is owned as to 50% by Mr. Wang Kei Ming, an executive Director, and 50% by Ms. Chao Lai Heng, spouse of Mr. Wang Kei Ming.

The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit A, 22nd Floor, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand, unless otherwise stated, which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's current accounting period for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform-Pillar Two model Rules</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting policies</i>

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

# 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”) (Continued)

### Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year has no material impact on the consolidated financial statements.

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

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year has no material impact on the consolidated financial statements.

### Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current year has no material impact on the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### **Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) - Long Service Payment (“LSP”) offsetting mechanism in Hong Kong**

As disclosed in note 26, the Company and its several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The application of the HKICPA guidance has had no material impact on the Group’s 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”) (Continued)

### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and 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 <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The Directors of the Company anticipate that the application of all these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

### Basis of preparation of consolidated financial statements

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

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

Historical cost is generally based on the fair value of the consideration given 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Basis of preparation of consolidated financial statements (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies information is set out below.

### Basis of consolidation

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Basis of consolidation (Continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

### Revenue from contracts with customers

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

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

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

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

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

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 (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Revenue from contracts with customers (Continued)

#### *Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations (to specify), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

#### *Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

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

#### *Variable consideration*

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

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

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

#### *Costs to fulfil a contract*

The Group incurs costs to fulfil a contract in its construction activities. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Leases

#### *Definition of a lease*

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

For contracts entered into or modified on or after the date of initial application 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

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

##### *Short-term leases and leases of low-value assets*

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

##### *Right-of-use assets*

The cost of right-of-use asset includes:

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

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

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Right-of-use assets (Continued)*

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

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

##### *Refundable rental deposits*

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

##### *Lease liabilities*

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

The lease payments include:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Lease liabilities (Continued)*

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

##### *Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the 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 as 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 making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### *The Group as a lessor*

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases 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.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES 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 recognised at the rates of exchanges prevailing on 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

### 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, other gains and losses, net".



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Retirement benefit costs

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

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

### Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax 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 rates (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 reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Taxation (Continued)

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

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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Property, plant and equipment

Property, plant and equipment including buildings held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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.

### Intangible assets

#### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

### Club membership

The club membership of the Group represents a golf club membership with indefinite useful lives which are carried at cost less any subsequent accumulated impairment losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with infinite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Onerous contracts

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

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

### Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments

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

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

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

Interest income which are derived from the Group's ordinary course of business are presented as other income.

### Financial assets

#### *Classification and subsequent measurement of financial assets*

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

A financial asset is held for trading if:

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

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

##### Amortised cost and interest income

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

##### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9*

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk

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

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

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

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

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.

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

- 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 reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL

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

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

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

- Nature of financial instruments;
- Past-due status;
- Historical repayment basis;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

#### *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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial liabilities and equity*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

##### *Financial liabilities at amortised cost*

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost using the effective interest method.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

##### *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.

##### *Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### Related parties

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

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

### Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

The followings are the key assumptions concerning the futures, and other key sources of estimation uncertainty at the end of each 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.

### **Construction contracts revenue recognition**

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

### **Provision of ECL for trade receivables and contract assets**

The management of the Group estimates the amount of lifetime ECL for trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings, past due status and repayment history of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about lifetime ECL for the Group's trade receivables and contract assets are disclosed in Note 30(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION

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

### Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
– Provision of formwork erection and related ancillary services	781,007	698,730
– Provision of fit-out services	2,568	3,382
	<b>783,575</b>	702,112
Timing of revenue recognition		
– Over time	783,575	702,112

### Performance obligation for contracts with customers

The Group provides formwork erection and related ancillary services and fit-out services to customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these construction services based on the progress towards completion of the contract using output method.

Retention receivables, prior to expiration of maintenance period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the maintenance period expires. The maintenance period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 amounted to approximately HK\$1,014,094,000 (2023: approximately HK\$446,046,000). Management expects that all the remaining performance obligations will be recognised as revenue ranging from one to three years (2023: one to three years) from the end of the reporting period.

### Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the directors of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

### Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	328,726	400,050
Customer B	157,668	103,219
Customer C	98,920	N/A <sup>1</sup>
Customer D	85,672	N/A <sup>1</sup>
Customer E	–	86,233

<sup>1</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

## 6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
<b>Other income</b>		
Bank interest income	1,097	205
Income from sale of scrap materials	801	2,173
Government grants (Note)	–	17,738
Sundry income	8,783	7,814
	<b>10,681</b>	27,930
<b>Other gains and losses, net</b>		
Loss on disposal of property, plant and equipment	(519)	(25)
	<b>(519)</b>	(25)
	<b>10,162</b>	27,905

Note:

During the year ended 31 March 2023, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	1,183	2,768
Interest on lease liabilities	2	4
	<b>1,185</b>	<b>2,772</b>

## 8. PROFIT BEFORE TAX

	2024 HK\$'000	2023 HK\$'000
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense (Note (i)):		
Salaries and other benefits in kind	79,278	78,658
Discretionary bonuses	7,069	8,481
Contributions to retirement benefit scheme	2,029	2,064
Total employee benefits expense, including directors' emoluments	<b>88,376</b>	89,203
Auditors' remuneration	910	860
Depreciation of property, plant and equipment (Note (ii))	10,798	9,613
Depreciation of right-of-use assets (Note (iii))	1,624	1,661
Loss on disposal of property, plant and equipment	519	25
Provision/(reversal) of loss allowance on trade and other receivables and contract assets	2,082	(565)
Impairment loss on property, plant and equipment	2,807	–
Short-term lease expenses in respect of:		
– Land and buildings	5,150	3,073
– Plant and equipment	22,379	12,512

Notes:

- (i) During the year ended 31 March 2024, total employee benefits expense amounting to approximately HK\$51,545,000 (2023: approximately HK\$49,070,000), was included in direct costs and amounting to approximately HK\$36,831,000 (2023: approximately HK\$40,133,000) was included in administration and other operating expenses.
- (ii) During the year ended 31 March 2024, depreciation of property, plant and equipment of approximately HK\$7,998,000 (2023: approximately HK\$7,004,000), was charged to direct costs and approximately HK\$2,800,000 (2023: approximately HK\$2,609,000), was charged to administration and other operating expenses.
- (iii) During the year ended 31 March 2024, depreciation of right-of-use assets of approximately HK\$1,624,000 (2023: approximately HK\$1,661,000), was charged to administration and other operating expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current income tax:		
– Hong Kong Profits Tax	4,906	4,283
Total current income tax	4,906	4,283
Deferred tax (Note 23)	(1,277)	974
Total income tax expense recognised in profit or loss	<b>3,629</b>	5,257

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. Hong Kong Profits Tax for other subsidiaries is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the years ended 31 March 2024 and 2023.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	13,399	26,669
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	2,210	4,400
Tax effect of temporary differences not recognised	(158)	585
Tax effect of income not taxable for tax purpose	(348)	(2,987)
Tax effect of expenses not deductible for tax purpose	1,021	1,132
Tax effect of tax losses not recognised	1,882	2,483
Utilisation of tax losses previously not recognized	(33)	(81)
Tax effect of the two-tiered profits tax rates regime	(165)	(257)
Over-provision in prior years	(764)	–
Tax reduction	(16)	(18)
Income tax expense for the year	<b>3,629</b>	5,257

As at 31 March 2024, the Group had unused tax losses of approximately HK\$66,512,000 (2023: approximately HK\$55,160,000), subject to agreement by the Inland Revenue Department, that are available for offset against future profits and may be carried forward indefinitely.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and chief executive's emoluments

Details of the emoluments to each of the directors and chief executive of the Company are as follows:

	Fees HK\$'000	Salaries and other benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Contributions to retirement benefit scheme HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2024</b>					
<b>Executive directors</b>					
Mr. Wang Kei Ming	–	12,369	3,000	18	15,387
Mr. Wang Yu Hin	–	3,408	631	18	4,057
<b>Independent non-executive directors</b>					
Mr. Kwong Ping Man	198	–	–	–	198
Mr. Lai Ah Ming Leon	198	–	–	–	198
Mr. Sio Kam Seng	198	–	–	–	198
<b>Chief executive officer</b>					
Ms. Chao Lai Heng	–	5,012	400	18	5,430
	<b>594</b>	<b>20,789</b>	<b>4,031</b>	<b>54</b>	<b>25,468</b>

For the year ended 31 March 2023

<b>Executive directors</b>					
Mr. Wang Kei Ming	–	12,000	1,000	18	13,018
Mr. Wang Yu Hin	–	2,585	421	18	3,024
<b>Independent non-executive directors</b>					
Mr. Kwong Ping Man	198	–	–	–	198
Mr. Lai Ah Ming Leon	198	–	–	–	198
Mr. Sio Kam Seng	198	–	–	–	198
<b>Chief executive officer</b>					
Ms. Chao Lai Heng	–	4,800	400	18	5,218
	<b>594</b>	<b>19,385</b>	<b>1,821</b>	<b>54</b>	<b>21,854</b>

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Neither the chief executive officer nor any of the directors waived or agreed to waive any emoluments during the year ended 31 March 2024 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two were directors and one was chief executive officer (2023: two were directors and one was chief executive officer) of the Company whose emoluments are disclosed above. The emoluments in respect of the remaining two (2023: two) highest paid individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits in kind	2,711	2,995
Discretionary bonuses	226	2,457
Contributions to retirement benefit scheme	36	32
	<b>2,973</b>	5,484

The emoluments of the highest paid employees who are non-director and non-chief executive whose emoluments fell within the following bands are as follow:

	Number of individuals	
	2024	2023
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	–	–
HK\$3,000,001 to HK\$3,500,000	–	1
	<b>2</b>	2

During the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. DIVIDEND

No dividend was proposed by the Board for the year ended 31 March 2024 (2023: Nil).

## 12. EARNINGS PER SHARE

	2024 HK\$'000	2023 HK\$'000
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	9,770	21,403
	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,200,000	1,200,000

The diluted earnings per share is equal to the basic earnings per share as there is no potential ordinary share in issue during the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and equipment	Office and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost</b>							
Balance at 1 April 2022	19,067	4,306	32,604	9,195	2,239	3,797	71,208
Additions	–	526	7,256	199	37	600	8,618
Disposals/written off	–	–	(37)	(76)	–	(613)	(726)
Balance at 31 March 2023 and 1 April 2023	19,067	4,832	39,823	9,318	2,276	3,784	79,100
Additions	–	1,207	498	2,002	21	1,121	4,849
Disposals/written off	–	–	(179)	(1,285)	–	(1,931)	(3,395)
Balance at 31 March 2024	19,067	6,039	40,142	10,035	2,297	2,974	80,554
<b>Accumulated depreciation and impairment</b>							
Balance at 1 April 2022	2,831	4,232	12,030	5,314	2,105	3,509	30,021
Depreciation expense	766	112	7,004	1,429	61	241	9,613
Eliminated on disposals/written off	–	–	(20)	(76)	–	(474)	(570)
Balance at 31 March 2023 and 1 April 2023	3,597	4,344	19,014	6,667	2,166	3,276	39,064
Depreciation expense	766	220	7,998	1,483	52	279	10,798
Impairment losses	2,807	–	–	–	–	–	2,807
Eliminated on disposals/written off	–	–	(133)	(693)	–	(1,931)	(2,757)
Balance at 31 March 2024	7,170	4,564	26,879	7,457	2,218	1,624	49,912
<b>Carrying amounts</b>							
Balance at 31 March 2024	11,897	1,475	13,263	2,578	79	1,350	30,642
Balance at 31 March 2023	15,470	488	20,809	2,651	110	508	40,036

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the terms of the leases or useful life
Leasehold improvements	Over the shorter of lease term or 25%
Office and other equipment	20%
Furniture and fixtures	25%
Motor vehicles	25%
Plant and equipment	20%

The Group assessed the recoverable amounts of its leasehold land and buildings which have been determined based on their fair value less cost of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal based on recent transaction prices for similar properties adjusted for nature, location and conditions of the properties. The fair value measurement is categorized into level 3 fair value hierarchy. An impairment loss of HK\$2,807,000 (2023: HK\$Nil) was recognised in the profit or loss during the year.

## 14. RIGHT-OF-USE ASSETS

	<b>Leasehold land</b>	<b>Office premise</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
Carrying amount as at 1 April 2022	37,202	188	37,390
Depreciation charge	(1,473)	(188)	(1,661)
Carrying amounts as at 31 March 2023 and 1 April 2023	35,729	–	35,729
Additions	–	<b>722</b>	<b>722</b>
Depreciation charge	<b>(1,473)</b>	<b>(151)</b>	<b>(1,624)</b>
Carrying amount as at 31 March 2024	<b>34,256</b>	<b>571</b>	<b>34,827</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. RIGHT-OF-USE ASSETS (Continued)

	2024 HK\$'000	2023 HK\$'000
Expenses relating to short-term leases, excluding short-term leases of low value assets	27,529	15,585
Total cash outflow for leases		
– within operating cash flows	27,529	15,585
– within financing cash flows	92	200

For both years, the Group leases various offices premises for its operations. Lease contracts are entered into for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns certain office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for scaffolding and equipment.

## 15. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials and consumables	6,397	17,411

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	68,177	41,620
Less: loss allowance for trade receivables	(1,229)	(280)
	<b>66,948</b>	41,340
Deposits, other receivables and prepayments	54,324	1,713
Less: loss allowance for deposits and other receivables	(405)	(19)
	<b>120,867</b>	43,034

The Group allows a credit period ranging from 7 to 45 days (2023: 7 to 45 days) to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group.

The ageing analysis of trade receivables presented based on the date of progress certificates issued by customers, at the end of the reporting period, are as follow:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	46,947	13,640
31 – 60 days	15,120	27,980
91 – 180 days	6,110	–
	<b>68,177</b>	41,620

Details of impairment assessment of trade and other receivables are set out in Note 30(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
<b>Analysed as current:</b>		
Retention receivables of construction contracts (Note (a))	78,711	57,693
Unbilled revenue of construction contracts (Note (b))	117,951	141,416
Less: loss allowance for contract assets	(1,386)	(639)
	<b>195,276</b>	198,470

Notes:

- (a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the 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 service quality of the construction work performed by the Group. The due dates for retention receivables are usually one to two years after the completion of construction work.
- (b) 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 upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time when the Group obtains the certification of the completed construction work from the customers.

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

Details of the impairment assessment are set out in Note 30(b).

## 18. BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Bank balances and cash in the consolidated statement of financial position	88,217	68,964
Less: restricted bank balances	(10,030)	(3,022)
Cash and cash equivalents in the consolidated statement of cash flows	<b>78,187</b>	65,942

Restricted bank balances are short-term fixed deposits with interest rates ranging from 3.73% to 4.10% (2023: 0.05% to 0.41%) per annum and placed in bank to secure general banking facilities as at 31 March 2024.

Bank balances earn interests at floating rate based on daily bank deposit rates and are placed with creditworthy banks with no recent history of default.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	35,463	24,066
Retention payables	16,077	8,757
Other payables and accruals	60,196	43,508
	<b>111,736</b>	<b>76,331</b>

The credit period on trade payables is generally 30 to 60 days (2023: 30 to 60 days).

As at 31 March 2024, included in trade payables was approximately HK\$1,717,000 (2023: approximately HK\$3,687,000) payable to a related company, Genuine Treasure Construction Material Limited. Mr. Wang Kei Ming's close family member is the substantial shareholder and director of Genuine Treasure Construction Material Limited.

As at 31 March 2024, included in trade payables was approximately HK\$4,042,000 (2023: approximately HK\$2,986,000) payable to a related company, Genuine Treasure Access and Scaffolding Limited. Mr. Wang Kei Ming's close family member is the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.

As at 31 March 2024, included in other payables was approximately HK\$2,000 (2023: HK\$nil) payable to a related company, Angel Dental Center Limited. Mr. Wang Yu Hin is the shareholder and director of Angel Dental Center Limited.

The ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period, are as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	29,785	18,243
31 – 60 days	3,479	3,593
61 – 90 days	1,642	1,253
91 – 180 days	557	145
Over 180 days	–	832
	<b>35,463</b>	<b>24,066</b>

Except for retention payables of approximately HK\$5,858,000 (2023: approximately HK\$3,473,000) as at 31 March 2024 which are expected to be settled after one year, all of the remaining retention payables are expected to be settled within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
<b>Lease liabilities payable</b>		
Within one year	236	–
Within a period of more than one year but not than two years	295	–
Within a period of more than two years but not than five years	101	–
	<b>632</b>	–
Less: amount due for settlement within 12 months shown under current liabilities	<b>(236)</b>	–
Amount due for settlement after 12 months shown under non-current liabilities	<b>396</b>	–

## 21. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Contract liabilities arising from construction contracts – Billings in advance of performance	<b>45,801</b>	2,843

When the Group receives payment in advance before the construction activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on satisfaction of performance obligation in relevant contract. The significant increase in contract liabilities was due to advance payment received from customers from construction contracts increased.

The Group classifies the contract liabilities as current because the Group expects to settle them within its normal operating cycle.

The following table shows how much of the revenue recognised relates to brought-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	2,843	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	<b>(2,843)</b>	–
Increase in contract liabilities as a result of billing in advance of construction activities	<b>45,801</b>	2,843
At the end of the year	<b>45,801</b>	2,843

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 22. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank loans – secured	–	16,166

Notes:

- (i) All bank loans of the Group as at 31 March 2023 contain unconditional repayment on demand clauses and are included in current liabilities.
- (ii) As at 31 March 2023, the bank loans bear interest at floating rates ranging from 4.63% to 5.03% per annum.
- (iii) The Group's banking facilities granted by certain banks were secured/guaranteed by:
  - Unlimited corporate guarantee by the Company as at 31 March 2024 and 2023;
  - Leasehold land included in right-of-use assets and building included in property, plant and equipment owned by the Group with aggregate carrying amount of approximately HK\$38,729,000 as at 31 March 2023;
  - An assignment of insurance policy in respect of the property as at 31 March 2023;
  - Charge over account with certain banks for approximately HK\$253,000 (2023: approximately HK\$41,264,000) as at 31 March 2024;
  - Charge on fixed deposits for approximately HK\$10,030,000 (2023: approximately HK\$3,022,000) as at 31 March 2024; and
  - An assignment of project proceeds of a construction contract of the Group as security as at 31 March 2024 and 2023.

## 23. DEFERRED TAX

The movements in the Group's deferred tax assets and liabilities during the year are as follows:

Deferred tax assets/(liabilities) arising from:	Lease liabilities HK\$'000	Right-of-use assets HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	ECL Provision HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 April 2022	–	–	(132)	249	95	212
(Charged) to profit or loss	–	–	(786)	(93)	(95)	(974)
At 31 March 2023 and 1 April 2023	–	–	(918)	156	–	(762)
Credit/(charged) to profit or loss	104	(94)	925	342	–	1,277
At 31 March 2024	104	(94)	7	498	–	515

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. DEFERRED TAX (Continued)

	2024 HK\$'000	2023 HK\$'000
Represented by:		
Deferred tax assets	1,237	156
Deferred tax liabilities	(722)	(918)
	<b>515</b>	<b>(762)</b>

Deferred tax assets have not been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams in certain group entities.

## 24. SHARE CAPITAL

	Number of Ordinary shares	Share capital HK\$
Ordinary share of HK\$0.01 each		
<b>Authorised:</b> At 1 April 2022, 31 March 2023 and 2024	<b>2,000,000,000</b>	<b>20,000,000</b>
<b>Issued and fully paid:</b> At 1 April 2022, 31 March 2023 and 2024	<b>1,200,000,000</b>	<b>12,000,000</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 25. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

The Company conditionally adopted a share option scheme on 17 January 2017 (the "2017 Share Option Scheme"). The Company terminated the 2017 Share Option Scheme and adopted a new share option scheme (the "2023 Share Option Scheme") and the share award scheme (the "2023 Share Award Scheme") (together, the "Share Schemes") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 September 2023 (the "Adoption Date"). Unless otherwise altered or terminated, the Share Schemes will be valid and effective for a period of 10 years commencing on the Adoption Date.

The purpose of the 2023 Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group, and to enable the Group to grant options to the eligible participants as incentives or rewards for their contributions with the view of achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the eligible participants whose contributions are, will or expected to be beneficial to the Group. The eligible participant(s) under the 2023 Share Option Scheme include directors and employees of the Group and individuals or entities that provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business (the "Service Providers").

The purpose of the 2023 Share Award Scheme is to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting awards to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group. The 2023 Share Award Scheme is intended to strengthen the long-term relationships that the eligible participants may have with the Group. The eligible participant(s) under the 2023 Share Award Scheme include the directors and employees of the Group (including persons who are granted awards as inducement to enter into employment contracts with the Group).

Pursuant to the terms of the Share Schemes and in compliance with Chapter 17 of the Listing Rules, the total number of shares which may be issued upon exercise of all share options and awards to be granted under the Share Schemes and all other share schemes of the Company shall not exceed 10% of the total number of the Company's issued shares as at the Adoption Date of the Share Schemes (i.e. 120,000,000 Shares) (the "Scheme Mandate Limit"). The total number of shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share schemes of the Company shall not exceed 1% of the total number of shares in issue on the Adoption Date (i.e. 12,000,000 Shares) (the "Service Provider Sublimit").

Save for certain specific circumstances, the vesting period of the options and the awards granted under the Share Scheme shall generally not be less than 12 months.

The exercise period of any share option shall be such period to be notified by the Board subject to the terms of grant (including but not limited to the vesting period), save that no share option may be exercised on a date exceeding the tenth anniversary of the date of grant in respect of such offer. The Board may determine a minimum period that an option must be held before it can be exercised, if any.

The subscription price per share payable upon exercise of any share option will be determined by the Board upon the grant of the share option. It will not be less than the higher of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of offer of such share option; (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations sheet for the five (5) business days immediately preceding the date of offer of such share option; or (iii) the nominal value of a share. Meanwhile, the purchase price of the award shares shall be determined from time to time based on considerations such as the prevailing closing price of the shares, the purpose of the award and the characteristics and profile of the grantee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 25. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Continued)

Each grantee is required to pay HK\$1.0 as consideration for acceptance of the grant of share options in accordance with the 2023 Share Option Scheme and no payment is required for acceptance of an award of shares under the 2023 Share Award Scheme unless otherwise stated in the relevant award letter as determined by the Board. The offer of share options and share awards must be accepted within 14 and 21 days from the date of the offer, respectively.

The principal terms of the Share Schemes are set out in a circular of the Company dated 24 August 2023. The Share Scheme has a remaining life of approximately 9 years and the number of shares available for grant under the Scheme Mandate Limit as at the Adoption Date and as at 31 March 2024 was 120,000,000 shares (representing 10% of the issued Shares of the Company as at 31 March 2024). The number of shares available for grant under the Service Provider Sublimit as at the Adoption Date and as at the end of the financial period for the year ended 31 March 2024 was 12,000,000 shares (representing 1.0% of the issued shares of the Company as at 31 March 2024).

The number of shares available for grant under the 2017 Share Option Scheme at the beginning of the financial period for the year ended 31 March 2024 and up to the date of termination was 120,000,000 shares. No share options were outstanding under the 2017 Share Option Scheme as at the date of termination, and following termination, no options will be granted under the 2017 Share Option Scheme. No share options or awards have been granted, exercised, lapsed, cancelled or expired under the Share Schemes since their adoption.

## 26. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "MPF scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of an independent trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group in respect of the MPF Scheme is to make the specified contributions. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK\$2,029,000 (2023: approximately HK\$2,064,000) and represent contributions paid or payable to the MPF Scheme by the Group for the year ended 31 March 2024.

No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2024 and 2023.

## 27. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for in the consolidated financial statements are as follows:

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for: Property, plant and equipment	119	5,142

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. RELATED PARTY TRANSACTIONS

### (a) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in Note 19.

### (b) Material related party transactions

The Group entered into the following material related party transactions during the years ended 31 March 2024 and 2023:

Name of related parties	Nature	2024 HK\$'000	2023 HK\$'000
Genuine Treasure Construction Material Limited (Note (i))	Purchase of construction materials	6,553	3,429
	Transportation and plant hiring charge	10,749	7,240
Genuine Treasure Access and Scaffolding Limited (Note (ii))	Scaffolding & equipment rental charge and transportation charge	21,800	12,002
Angel Dental Center Limited (Note (iii))	License fee income	350	–

Notes:

- (i) Mr. Wang Kei Ming's close family member was the substantial shareholder and director of Genuine Treasure Construction Material Limited.
- (ii) Mr. Wang Kei Ming's close family member was the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.
- (iii) Mr. Wang Yu Hin is the shareholder and director of Angel Dental Center Limited.
- (iv) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

The related party transactions in respect of items (i) to (iii) above also constitute connected transactions and/or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

### (c) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	26,458	28,877
Post-employment benefits	72	104
	26,530	28,981

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. 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 net debt, which includes borrowings net of cash and cash equivalents, and equity attributable to owners of the Company comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with the capital. In view of this, the Group manages its overall capital structure through the payment of dividends and the issue of new shares.

The net debt-to-equity ratio at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Debts (Note (i))	632	16,166
Less: cash and cash equivalents (Note (ii))	(78,187)	(65,942)
Net debt	(77,555)	(49,776)
Equity (Note (iii))	316,627	306,857
Net debt-to-equity ratio	N/A	N/A

Notes:

- (i) Debts represent borrowings and lease liabilities as detailed in Notes 22 and 20 respectively.
- (ii) Cash and cash equivalents as detailed in Note 18.
- (iii) Equity includes all capital and reserves and non-controlling interests.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost	165,680	110,967
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	112,368	92,497

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

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

#### **Market risk**

##### (i) Foreign currency risk management

The majority of the Group's transactions and balances for the years ended 31 March 2024 and 2023 were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

##### (ii) Interest rate risk management

The Group's exposure to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 22 for details of the borrowings). The Group continuously evaluates its debt portfolio to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates arising from the Group's bank borrowings.

The directors of the Company consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period and the interest rates of bank deposits are not expected to change significantly.

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### *Market risk (Continued)*

##### *(ii) Interest rate risk management (Continued)*

###### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank borrowings 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 basis points increase and decrease are used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate on borrowings had been 100 basis points higher and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2023 would decrease by approximately HK\$135,000 as a result of the Group's exposure to interest rates on its variable-rate bank borrowings. If interest rate had been 100 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the post-tax profit.

In the opinion of directors of the Company, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year ended exposure does not reflect the exposure during the year.

##### *(iii) Price risk*

As the Group has no significant investments in financial assets measured at FVTPL or FVTOCI, the Group is not exposed to significant equity price risk.

In virtue of the exposure on equity price risk being minimal, the respective quantitative disclosures have not been prepared.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk and impairment assessment*

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

At 31 March 2024, the Group had certain concentration of credit risk as 44% (2023: 49%) and 53% (2023: 50%) of the Group's trade receivables and contract assets respectively were due from the Group's largest single customers.

In order to minimise the credit risk, the management of the Group monitored on an ongoing basis and follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Bank balances/ Deposits and other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settles after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no reasonable expectations of recovery	Amount is written off	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk and impairment assessment (Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	12m or lifetime ECL	2024 Gross carrying amounts	2023 Gross carrying amounts
<b>Financial assets at amortised costs</b>			
Trade receivables (Note (iii))	Lifetime ECL	<b>68,177</b>	41,620
Deposits and other receivables (Note (ii))	12m ECL	<b>10,920</b>	682
Bank balances (Note (i))	12m ECL	<b>88,217</b>	68,964
<b>Other items</b>			
Contract assets (Note (iii))	Lifetime ECL	<b>196,662</b>	199,109

Notes:

- (i) All bank balances were placed in banks with high credit rating assigned by international credit-rating agencies or with good reputation. In the opinion of the directors of the Company, credit risk on these bank balances is insignificant.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The balances of these deposits and other receivables are not past due.
- (iii) For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items individually and/or by using a provision matrix, grouped by combined effect of internal credit rating and/or external credit ratings where available, past due status and repayment history for general customers.

The loss allowances for trade receivables, deposits and other receivables and contract assets were determined as follows:

	Weighted average loss rate	Gross carrying amounts HK\$'000	Loss allowances HK\$'000	Net carrying amounts HK\$'000
<b>As at 31 March 2024</b>				
Trade receivables	<b>1.8%</b>	<b>68,177</b>	<b>(1,229)</b>	<b>66,948</b>
Deposits and other receivables	<b>3.71%</b>	<b>10,920</b>	<b>(405)</b>	<b>10,515</b>
Contract assets	<b>0.7%</b>	<b>196,662</b>	<b>(1,386)</b>	<b>195,276</b>
<b>As at 31 March 2023</b>				
Trade receivables	0.67%	41,620	(280)	41,340
Deposits and other receivables	2.79%	682	(19)	663
Contract assets	0.32%	199,109	(639)	198,470

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk and impairment assessment (Continued)*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised or reversed for trade receivables and contract assets under the simplified approach and ECL that has been recognised or reversed for deposits and other receivables.

	Trade receivable		Contract assets	Deposits and other receivables			Total HK\$'000
	Lifetime ECL – not credit-impaired HK\$'000	Lifetime ECL – credit-impaired HK\$'000	Lifetime ECL – not credit-impaired HK\$'000	12m ECL HK\$'000	Lifetime ECL – not credit-impaired HK\$'000	Lifetime ECL – credit-impaired HK\$'000	
As at 1 April 2022	89	–	1,379	35	–	–	1,503
Loss allowance reversed	–	–	(740)	(16)	–	–	(756)
Loss allowance recognised	191	–	–	–	–	–	191
As at 31 March 2023 and 1 April 2023	280	–	639	19	–	–	938
Loss allowance recognised	<b>949</b>	–	<b>747</b>	<b>386</b>	–	–	<b>2,082</b>
As at 31 March 2024	<b>1,229</b>	–	<b>1,386</b>	<b>405</b>	–	–	<b>3,020</b>

Changes in the loss allowances for trade receivables and contract assets are mainly due to changes in the gross amounts of trade receivables and contract assets during the year and impact of changing economic environment and customers' credit risk profile.

#### *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk management (Continued)

##### Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans 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.

	Weighted average effective interest rate	On demand or within one year HK\$'000	One to five years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amounts HK\$'000
<b>As at 31 March 2024</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	–	111,736	–	111,736	111,736
Lease liabilities	6.9%	255	462	717	632
		<b>111,991</b>	<b>462</b>	<b>112,453</b>	<b>112,368</b>
<b>As at 31 March 2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	–	76,331	–	76,331	76,331
Borrowings	5.0%	16,166	–	16,166	16,166
		<b>92,497</b>	<b>–</b>	<b>92,497</b>	<b>92,497</b>

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's bank loans based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Weighted average effective interest rate	Within one year HK\$'000	One to five years HK\$'000	Over five years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
<b>Bank loans – secured</b>						
As at 31 March 2023	5.0%	3,915	5,422	12,545	21,882	16,166

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair value measurement of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

## 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
	(Note 22)	(Note 20)	
At 1 April 2022	34,513	196	34,709
Proceeds from borrowings	41,000	–	41,000
Repayment of borrowings	(59,347)	–	(59,347)
Interest on lease liabilities	–	4	4
Repayment of lease liabilities	–	(200)	(200)
At 31 March 2023 and 1 April 2023	16,166	–	16,166
New lease entered	–	<b>722</b>	<b>722</b>
Proceeds from borrowings	<b>5,000</b>	–	<b>5,000</b>
Repayment of borrowings	<b>(21,166)</b>	–	<b>(21,166)</b>
Interest on lease liabilities	–	<b>2</b>	<b>2</b>
Repayment of lease liabilities	–	<b>(92)</b>	<b>(92)</b>
At 31 March 2024	–	<b>632</b>	<b>632</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2024 are set out as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
MT Construction Limited	British Virgin Islands (the "BVI")	US\$1	100% (direct)	Investment holding
MT Engineering Limited	BVI	US\$1	100% (direct)	Investment holding
MT Technology Limited	BVI	US\$1	100% (direct)	Investment holding
MT Sunshine Limited	BVI	US\$1	100% (direct)	Dormant
Lucky Profit Enterprises Limited	BVI	US\$100	100% (direct)	Investment holding
Ming Tai Construction	Hong Kong	HK\$1,000,000	100% (indirect)	Provision of formwork erection and related ancillary services
Ming Tai Civil Engineering Company Limited	Hong Kong	HK\$10,000	100% (indirect)	Provision of formwork erection and related ancillary services
Genuine Treasure Construction Technology Company Limited	Hong Kong	HK\$10,000	100% (indirect)	Development of construction technology and rental of tableform and services
Harvest Full Properties Limited	Hong Kong	HK\$100	100% (indirect)	Properties holding and investment
Rich Tone Capital Resources Limited	Hong Kong	HK\$100	100% (indirect)	Investment holding
Win Tai Billion Limited	Hong Kong	HK\$100	100% (indirect)	Dormant
Jadeite Medical Limited (formerly known as Apex Union Development Limited)	Hong Kong	HK\$100	100% (indirect)	Property rental
Champion Time Engineering Limited	Hong Kong	HK\$100	100% (indirect)	Provision of fit-out services
H.S. Design Service Company Limited	Hong Kong	HK\$100	100% (indirect)	Provision of engineering design services
MTG Formwork Company Limited	Hong Kong	HK\$100	100% (indirect)	Trade and rental of tableform and services
Jadeite Corporation Limited	Hong Kong	HK\$100	100% (indirect)	Provision of formwork erection and related ancillary services
Harvest Rich Properties Limited	Hong Kong	HK\$100	100% (indirect)	Property holding and investment



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	62,585	62,585
<b>Current assets</b>		
Prepayments and deposits	187	187
Amounts due from subsidiaries	111,929	112,956
Bank balances and cash	33,629	4,630
	145,745	117,773
<b>Current liabilities</b>		
Other payables and accruals	974	1,036
Amount due to a subsidiary	67	3,200
	1,041	4,236
<b>Net current assets</b>	144,704	113,537
<b>Net assets</b>	207,289	176,122
<b>Capital and reserves</b>		
Share capital	12,000	12,000
Reserve	195,289	164,122
<b>Total equity</b>	207,289	176,122

The Company's statement of financial position was approved and authorised for issue by the board of director on 24 June 2024 and is signed on its behalf by:

**Mr. Wang Kei Ming**  
*Director*

**Mr. Wang Yu Hin**  
*Director*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

### Movement in the company's reserves

	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2022	94,956	129,214	(61,364)	162,806
Profit and total comprehensive income for the year	–	–	1,316	1,316
Balance at 31 March 2023 and 1 April 2023	94,956	129,214	(60,048)	164,122
Profit and total comprehensive income for the year	–	–	<b>31,167</b>	<b>31,167</b>
Balance at 31 March 2024	<b>94,956</b>	<b>129,214</b>	<b>(28,881)</b>	<b>195,289</b>

### Special reserve

Special reserve represents the difference between the nominal value of shares issued by the Company pursuant to the corporate reorganisation undertaken on 28 June 2016 and the aggregate net asset value of the subsidiaries acquired.

## 34. NON-CONTROLLING INTERESTS

The directors of the Company consider that the non-controlling interests of the Group during the reporting period were insignificant to the Group and thus no summarised financial information of the non-wholly owned subsidiary is required to be presented in the consolidated financial statements.

## 35. CONTINGENT LIABILITIES

- (a) As at 31 March 2024 and 2023, the Group has been involved in a number of claims against the Group in relation to work related injuries. The directors are of the opinion that such claims are covered by insurance or otherwise, are not expected to have a material impact on the consolidated financial statements, and the outcome of such claims are uncertain. Accordingly, no provision has been made as at 31 March 2024 and 2023.
- (b) Advance payment bonds

	2024 HK\$'000	2023 HK\$'000
Advance payment bond for contract in favour of customer	<b>30,000</b>	–

The above advance payment bond was given by a bank in favour of one of the Group's customer as security for the due performance and observance of the Group's obligations under the subcontract entered into between the Group and the customer. If the Group is in default of its obligation under the subcontract, such customer may demand the bank to pay to him the sum stipulated in such demand not exceeding the sum of the advance payment bond. The Group will then become liable to compensate such banks accordingly. The advance payment bond will be released upon the following events first occurs: i) the payment in full by the Group to the bank of the bonded sum; or ii) the Bond will be returned by the customer to the Group; or iii) the total amount of advance payment will be fully reimbursed to the customer by the Group from the accumulated interim payments certified by the customer.

# FINANCIAL SUMMARY

## RESULTS

### For the year ended 31 March

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	783,575	702,112	470,420	870,204	706,680
Direct costs	(717,123)	(636,487)	(400,672)	(804,055)	(614,755)
Gross profit	66,452	65,625	69,748	66,149	91,925
Profit before tax	13,399	26,669	10,254	38,642	32,962
Income tax expense	(3,629)	(5,257)	(3,488)	(1,535)	(6,032)
<b>Profit and total comprehensive income for the year</b>	<b>9,770</b>	21,412	6,766	37,107	26,930
<b>Attributable to:</b>					
– Owners of the Company	9,770	21,403	6,778	37,113	26,967
– Non-controlling interests	–	9	(12)	(6)	(37)
	<b>9,770</b>	21,412	6,766	37,107	26,930

## ASSETS AND LIABILITIES

### As at 31 March

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	479,997	405,366	415,713	445,240	434,964
Total liabilities	(163,370)	(98,509)	(130,268)	(166,561)	(188,004)
	<b>316,627</b>	306,857	285,445	278,679	246,960
<b>Equity attributable to:</b>					
– Owners of the Company	316,627	306,857	285,500	278,722	246,997
– Non-controlling interests	–	–	(55)	(43)	(37)
	<b>316,627</b>	306,857	285,445	278,679	246,960