



Man King
萬景控股

Man King Holdings Limited 萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2193

2024
ANNUAL REPORT



CONTENTS

PAGE(S)

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	3
MANAGEMENT DISCUSSION AND ANALYSIS	4
DIRECTORS AND SENIOR MANAGEMENT	9
DIRECTORS' REPORT	11
CORPORATE GOVERNANCE REPORT	19
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	29
INDEPENDENT AUDITOR'S REPORT	42
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	46
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	47
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	48
CONSOLIDATED STATEMENT OF CASH FLOWS	49
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	50
FINANCIAL SUMMARY	94



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

Leung Wai Tat Henry (*Chairman*)
Chan Wai Ying
Chau Wai Yung
Lo Man Chi

REMUNERATION COMMITTEE

Chau Wai Yung (*Chairman*)
Lo Yuen Cheong
Leung Wai Tat Henry
Lo Man Chi

NOMINATION COMMITTEE

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong
Chau Wai Yung
Leung Wai Tat Henry
Lo Man Chi

AUTHORISED REPRESENTATIVES

Lo Yuen Cheong
Law Wai Ting (*Appointed on 31 August 2023*)
Wan Ho Yin (*Resigned on 31 August 2023*)

COMPANY SECRETARY

Law Wai Ting (*Appointed on 31 August 2023*)
Wan Ho Yin (*Resigned on 31 August 2023*)

SOLICITORS

CFN Lawyers
Maples and Calder

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL OFFICE

Unit D, 10/F
Skyline Tower
18 Tong Mi Road
Mongkok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2193

WEBSITE

<http://www.manking.com.hk>

It gives me great pleasure to present the Annual Report for the year ended 31 March 2024 from Man King Holdings Limited (the "Company") and its subsidiaries (collectively the "Group" or "we"), which describes another challenging year for the Company.

PERFORMANCE AND STRATEGY

During the current year, although the economy of Hong Kong experienced a moderate improvement, the degree of progress fell short of initial expectation. Nevertheless, the Hong Kong Government remains committed to stimulating economic growth through investments in infrastructure and housing development, thereby creating potential opportunities for the construction industry.

The Group was anticipating a hard time during the year as few major construction projects were in the work phases which less revenue was certified by the employers owing to the works nature. The Group has been actively monitoring the project status and it is expected that the conditions will be gradually improved. The Group has secured one new public works contract with a joint venture partner during the year. Together with the total estimated outstanding contract sum and work order value of approximately HK\$810.8 million as at year end, we are optimistic about the development in our business. The Group continues to strengthen its cost control measures and resources management policies, and actively participate in tendering and bidding to maintain its market competitiveness despite the difficulties encountered.

The 20.3% owned project in Pakistan in coal transshipment operation continued to contribute positively to our financial results and free cash flow for the Group. During the year, the Group received cash dividends of approximately HK\$18.2 million from the project. We will continuously monitor the operation of the project and alter our business strategy to assure the investment return is in line with our expectation.

The Group would take advantages of our strong and stable capital structure to optimize its construction services and to fulfil the needs from the customers while grasping the opportunity to explore new business avenues.

OUR PEOPLE

The construction industry is facing considerable labor shortage. The Group's staff's turnover rate remains stable in the past two years. The Group will try every effort to raise the manpower supply by training talents and increasing productivity by the adoption of innovative technology. The Group will leverage on the use of innovative technology and digitalisation for sustainable development applications in public works to enhance efficiency, productivity, site safety and green performance.

Safety and career development to our people remain as our highlighted focus. We have continuously attained zero fatality and low accident rates comparing with unusual statistic figures of the industry. Our Group's strategy remains the same with people as our core assets and we will continue to value and invest in our specialties to achieve the extraordinary.

The Group would like to express its appreciation to all of our staffs for their long-term efforts and to the management for their outstanding contributions. It is the unremitting efforts of each member that enable the Group to achieve solid performance in the challenging market environment.

OUTLOOK

Looking ahead to the new financial year, the Group is actively participating in various contract biddings. Together with the committed work contracts on hand, the Group is cautiously optimistic about the future market conditions. The impact of tender price inflation, the competition for supply chain resources and labor shortages are expected to co-exist. To tackle the current challenges, greater attention will be needed to allocate risk fairly and have good project execution planning and procurement schedules to prevent hindrances and enhance cost efficiency.

The Group will firmly grasp the favorable opportunities to strengthen our unique advantages and better utilise our strong capital structure. Building on our core competitiveness, the Group will proactively explore further merger and acquisition opportunities and/or business collaboration with the best endeavours to improve our operation efficiency and profitability of the businesses.

Lo Yuen Cheong

Chairman

26 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. The Group undertakes civil engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

As at 31 March 2024, the Group had eight projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$810.8 million.

The diversified coal transshipment business of the Group through its 20.3% owned One Belt One Road project in Pakistan continued to bring positive return to the Group. During the year ended 31 March 2024, the Company's share of profit of this One Belt One Road project was approximately HK\$20.1 million.

Principal risks and uncertainties

The management considers that the followings are the principal risks and uncertainties to the Group:

- (i) the business of the Group relies on successful tenders and any failure of the Group to secure tender contracts would affect the operations and financial results of the Group;
- (ii) erroneous or inaccurate estimation of project duration and the costs involved when determining the tender price may adversely affect the profitability and financial performance of the Group;
- (iii) the historical revenue and profit margin may not be indicative of the future revenue and profit margin of the Group; and
- (iv) any delay or defects of the suppliers' and subcontractors' works of the Group would adversely affect its operations and financial results.

Customers and suppliers

The major customers of the Group are the HKSAR Government and certain reputable organisations. The public sector customers are normally required to make payments to the Group within 21 days after the issue of the progress certificate by the authorised person, while the private sector customers are normally required to make payments to the Group within 60 days after the issue of the invoice. The management of the Group considers that the credit risk is limited in this regard.

On the other hand, the Group maintains a good relationship with its key subcontractors and suppliers, and no warnings relating to the supply or quality of materials has been received. We have performed subcontractor and supplier annual performance evaluations and the results are satisfactory.

Environmental policies

The Group has also observed the laws and regulations in relation to environmental protection in Hong Kong, such as Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Dumping at Sea Ordinance, Environmental Impact Assessment Ordinance and Public Health and Municipal Services Ordinance. Prior to the commencement of work, the Group will assess the implications and requirements of the aforesaid laws and regulations and apply for necessary permits (if applicable) to conduct its work. The Group also ensures that the subcontractors and their workers comply with the Group's environmental management policy on the basis of appropriate education, training and/or expertise. In particular, the Group holds regular meetings with them to discuss environmental related issues during the course of a project. The breach of the aforesaid laws and regulations may lead to penalty or fine by the relevant government authorities or even suspension of works. During the year ended 31 March 2024, the Group was in compliance with applicable environmental laws and regulations in all material aspects.

For further details of the environmental, social and governance ("ESG") initiatives, practices and performance of the Group, please refer to the section headed "Environmental, Social and Governance Report" on pages 29 to 41 of this annual report.

Compliance with laws and regulations

Saved as disclosed in the compliance with environmental laws and regulations mentioned above, the Group has been in compliance in all material respects with all the other relevant laws, rules and regulations. The Group will continue to deploy adequate resources and make an effort to maintain and enhance internal control in order to mitigate any non-compliance issues.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2024 was approximately HK\$338.5 million, representing a decrease of approximately 25.2% from approximately HK\$452.8 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

- (i) higher revenue of approximately HK\$8.4 million for a new public sector project just commenced before the year ended 31 March 2024;
- (ii) higher revenue of approximately HK\$38.4 million for three projects in progress during the year ended 31 March 2024;
- (iii) lower revenue of approximately HK\$104.2 million for projects for the year ended 31 March 2024 as compared to the revenue recognised for the same projects during the prior year as these projects were in the work phase in which temporary works were mainly performed and lesser amount of works was being certified by the customers; and
- (iv) lower revenue of approximately HK\$56.9 million for projects substantially completed during the year ended 31 March 2024.

Gross (loss)/profit and gross (loss)/profit margin

The Group's gross loss and gross loss margin for the year ended 31 March 2024 was approximately HK\$26.6 million and 7.9% while the Group recorded gross profit and gross profit margin of approximately HK\$69.6 million and 15.4% in the same period of last financial year.

The turnaround from gross profit for the year ended 31 March 2023 to gross loss for the year ended 31 March 2024 is because a few construction projects were in the work phases in which temporary works were mainly performed and thus lesser amount of works was certified by the customers which led to the decrease in revenue during the current year.

Other income

Other income was approximately HK\$8,983,000 and HK\$3,085,000 for the years ended 31 March 2024 and 2023, respectively. The increase was mainly due to the increase in bank interest income of approximately HK\$4,891,000.

Other gains/(losses), net

Other gains for the year ended 31 March 2024 was approximately HK\$40,000 as compared to other losses of approximately HK\$569,000 for the same period of the last financial year. The change from other losses to other gains is mainly attributable to the recognition of fair value gain of financial assets at fair value through profit or loss HK\$141,000 (2023: loss of approximately HK\$570,000), net off with loss on disposal of property, plant and equipment HK\$107,000 (2023: HK\$29,000).

Administrative expenses

Administrative expenses for the year ended 31 March 2024 was approximately HK\$26.6 million (2023: HK\$34.0 million), representing a decrease of approximately HK\$7.4 million in the same period of the last financial year. The decrease was mainly due to the decrease in employee benefit expenses (including the staff salaries, staff welfare, other allowances and etc.).

Finance costs

During the year ended 31 March 2024, bank loan interest expenses were approximately HK\$94,000 (2023: HK\$108,000) and interest expenses on the lease liabilities were approximately HK\$262,000 (2023: HK\$305,000). Therefore, total finance costs were approximately HK\$356,000 (2023: HK\$413,000).

Share of profit of an associate

Share of profit of an associate relates to the Group's 20.3% interest in an associate for the provision of bareboat charter and coal transshipment services in Pakistan. The Group's share of profit of an associate for the year ended 31 March 2024 was approximately HK\$20.1 million (2023: HK\$13.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax credit/(expenses)

The Group recorded income tax credit of approximately HK\$1,824,000 for the year ended 31 March 2024 (2023: income tax expenses HK\$8,837,000).

(Loss)/profit for the year

For the year ended 31 March 2024, the Group recorded a net loss of approximately HK\$22.7 million, as compared to a net profit of approximately HK\$42.1 million for the corresponding period in the last financial year. The change from profit to loss was mainly because temporary works were mainly performed and lesser amount of works was being certified by the customers during the year.

Consolidated Statement of Financial Position

Net assets of the Group decreased by approximately 12.4% from approximately HK\$310.8 million as at 31 March 2023 to approximately HK\$272.4 million as at 31 March 2024.

Non-current assets decreased slightly from approximately HK\$141.8 million as at 31 March 2023 to approximately HK\$139.1 million as at 31 March 2024, primarily due to increase in investment in an associate arising from the share of post-acquisition results and other comprehensive income, net of dividends, net off with the decrease in right-of-use assets resulted from amortisation during the year.

Current assets decreased by approximately 14.4% from approximately HK\$319.7 million as at 31 March 2023 to approximately HK\$273.7 million as at 31 March 2024, primarily due to net cash used in operating activities.

Liquidity and Financial Resources

As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$153.9 million (2023: HK\$235.3 million) and bank deposits with maturity over three months of approximately HK\$22.2 million (2023: Nil), which were mainly denominated in Hong Kong dollars. There is no major exposure to foreign exchange rate fluctuations. As such, the Group has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to currency risks closely.

As at 31 March 2024, the Group had a total of interest bearing bank borrowing of approximately HK\$0.6 million (2023: HK\$2.3 million), with a repayable on demand clause. Such borrowings were denominated in Hong Kong dollars, carried at variable interest rate and had no financial instrument for hedging purpose.

The Group had available unutilised bank borrowing facilities of approximately HK\$20.7 million as at 31 March 2024 (2023: HK\$20.7 million).

Capital Structure and Gearing Ratio

As at 31 March 2024, total equity was approximately HK\$272.4 million (2023: HK\$310.8 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of borrowings divided by the total equity, was approximately 0.2% as at 31 March 2024 (2023: 0.7%).

Pledge of Assets

As at 31 March 2024 and 2023, the Group had no pledged bank deposits. Other deposits of approximately HK\$3,323,000 has been placed and pledged to an insurance institution to secure obligations under the performance bonds issued by an institution to a customer of the Group as at 31 March 2024 (2023: HK\$3,323,000).

For details of performance bonds and contingent liability of the Group, please refer to note 34 to the consolidated financial statements accordingly.

New business

During the year ended 31 March 2024, the Company did not commence any new type of business.

Capital Commitments

The Group had no capital commitments on capital expenditure of property, plant and equipment contracted for but not recognised as liabilities as at 31 March 2024 (2023: HK\$137,000).

Performance Bonds and Contingent Liabilities

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits or pledged bank deposits. The performance bonds are released when the construction contracts are completed or substantially completed.

As at 31 March 2024 and 2023, the Group had no outstanding performance bonds issued by banks and the outstanding performance bonds issued by insurance institutions were approximately HK\$3,323,000 (2023: HK\$3,323,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had an aggregate of 167 full-time employees (2023: 177 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK\$76.9 million for the year ended 31 March 2024 (2023: HK\$78.9 million). There is no government grants from the employment support scheme for the year ended 31 March 2024 while government grants of approximately HK\$2.7 million from the employment support scheme have been offset with the employee costs for the year ended 31 March 2023. The Group was in compliance with Employment Ordinance, Employees' Compensation Ordinance and other applicable regulations, and salary payment was made on time without any dispute. The Group recruited and promoted the employees according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

FUTURE OUTLOOK

The Group anticipated a hard time for the year as a few construction projects were in the work phase in which temporary works were mainly performed to facilitate the installation and erection of permanent works. Therefore lesser amount of works was being certified by the customers and led to the decrease in revenue and net loss during the year. On the brighter side, the Group has secured one new public drainage works contract with its joint venture partner in November 2023 with contract value of approximately HK\$223 million. As at 31 March 2024, the total estimated outstanding contract sum and work order value amounted to approximately HK\$810.8 million. We believe by leveraging our expertise and resources while tapping into the vast market and innovative advancements presented in our Company will continue to maintain a sustainable development of the Group.

The 20.3% owned One Belt One Road project in Pakistan completed its fifth coal transshipment operation season in early May 2024. The coal transshipment operation was disrupted by the soaring price of the imported coal and the depreciation of Pakistan Rupees leading to lower liquidity of the Pakistan's customer to purchase the imported coal which led to a significant decrease in volume of coal transshipped during the fifth coal transshipment operation season. However, the decrease in volume of coal transshipped was offset by an increase in charter hire income. The decrease in the coal transshipment revenue is not expected to have any material impact on the performance of the One Belt One Road project as the charter hire income shares a heavy weight of its overall revenue.

During the year ended 31 March 2024, the Group received dividends from River King Management Holdings Limited ("River King" and together with its subsidiaries, the "River King Group") totaling to approximately HK\$18.2 million (31 March 2023: approximately HK\$5.6 million). Since 2023, there has been a prolonged repayment cycle of trade receivables of the charter hire income as the fund settlement depended on the level of US Dollar reserve of the Pakistan Government. Therefore, a prudent strategy in dividend distribution was undertaken by the River King Group and led to lower level of dividends received from River King for the year ended 31 March 2023. Given that the conditions in the current year has improved and therefore more dividend distribution from River King was recommended. The Company will continuously monitor the operation of River King Group and recommend cash distribution as appropriate when profit earning is in line with our expectation. The Group has received dividends in the total amount of approximately HK\$57.7 million from River King since its operation.

Overall, the Group's share of profit of an associate amounted to approximately HK\$20.1 million this year, representing an increase of approximately HK\$6.9 million as compared to approximately HK\$13.2 million in the prior year.

Apart from the Belt & Road project, the Group continues to seek other investment opportunity aiming to earn reasonable constant return as well as the diversification. The Group has also benefited in the use of innovative technologies and artificial intelligence to boost productivity, efficiency and safety which aims at improving the Group's gross profit. The Group's gearing ratio remains low with healthy liquidity. The Group will continue to exercise due care in pursuing any new investment amidst the recent deteriorating Hong Kong economy. The Group will strike a balance between the risks and rewards and be prudent in this difficult time.

Despite facing complicated and stringent business environment such as severe labor shortage and rigorous occupational safety and health regulations, with the concerted efforts of all employees, the Group remains prudently optimistic about the construction industry in Hong Kong and will surmount the challenges, forge ahead and continue to consolidate its overall competitive advantages in the industry and to maintain a sustainable development for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT

The Group holds a 20.3% equity interest (comprising 2,030 ordinary shares) in River King through Rich Partner Global Limited, a direct wholly-owned subsidiary of the Company. The River King Group is principally engaged in a One Belt One Road project involving the bareboat charter hiring and transshipment of coal by vessels owned or built by the River King Group to a coal fired power station located in Pakistan. The Group's total investment in River King up to 31 March 2024 was approximately HK\$96.7 million. No market fair value was available for this private investment as at 31 March 2024. The Group invested in River King with a view to maintaining a sustainable growth and maximizing shareholder return through business diversification. To that end, the Group has been actively involved in the development and operation of the coal transshipment project since its participation. During the year ended 31 March 2024, the Group's share of results of River King was approximately HK\$20.1 million. Considering the accumulated distributable reserve available of River King, the Group received cash dividends from the project totaling approximately US\$2.3 million (equivalent to approximately HK\$18.2 million) for the year.

Save as aforesaid, the Company did not hold any other significant investment during the year ended 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2024, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

EXECUTIVE DIRECTORS

Mr. Lo Yuen Cheong, 71, is the Chairman and executive Director of the Company and also the chairman of Nomination Committee and member of Remuneration Committee. He is responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. He has served the Board for more than 9 years.

Mr. Lo Yuen Cheong has over 43 years of experience in working in the civil engineering industry. He is qualified as a Chartered Engineer registered with The Engineering Council of the United Kingdom and a Registered Professional Engineer with Engineers Registration Board of Hong Kong. He is also a member of The Institution of Civil Engineers of the United Kingdom and a member of The Hong Kong Institution of Engineers.

Mr. Lo Yuen Cheong obtained a Master degree of Engineering (MEng) from The University of Sheffield in 1979, and a Master degree of Arts (MA) from The University of Oklahoma in 1998.

He is the brother of Mr. Lo Yick Cheong and the brother-in-law of Ms. Chan Wai Ying.

Mr. Lo Yick Cheong, 68, is the executive Director of the Company and also the member of Nomination Committee. He is responsible for the operations and business development and is jointly responsible for the formulation of business development strategies of our Group. He has served the Board for more than 9 years.

Mr. Lo Yick Cheong has over 42 years of experience in working in the engineering industry. He is qualified as a Chartered Engineer of The Engineering Council of the United Kingdom, and a Registered Professional Engineer with Engineers Registration Board of Hong Kong. He is also a member of The Institute of Marine Engineers of the United Kingdom, and a member of The Hong Kong Institution of Engineers.

Mr. Lo Yick Cheong obtained a diploma in Marine Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1976, a degree of Bachelor of Engineering with First Class Honours in Mechanical Engineering from University of Newcastle Upon Tyne in the United Kingdom in 1986, and a Master degree of Business Administration from University of Leicester in the United Kingdom in 1995. He attained a certificate of competency (Marine Engineer Officer), class 1 (Steamship and Motorship) at the Department of Transport in the United Kingdom in 1985.

He is the brother of Mr. Lo Yuen Cheong and the brother-in-law of Ms. Chan Wai Ying.

NON-EXECUTIVE DIRECTOR

Ms. Chan Wai Ying, 59, is the non-executive Director of the Company and also the member of Audit Committee. She has served the Board for more than 9 years. She has over 29 years of experience in accounting profession and she advises the board on internal control and financial management.

Ms. Chan Wai Ying is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

She is the sister-in-law of Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wai Tat Henry, 75, is the independent non-executive Director of the Company and has served the Board for more than 8 years. He has over 49 years of experience working in the engineering industry. He had worked with the Hong Kong Government as structural engineer from May 1980 to December 1982. He also had six years of experience working in Australia. From March 1984 to June 1986, he worked with Macdonald Wagner Pty Limited and was promoted to the position of senior engineer. From June 1986 to May 1989, he worked with Transfield Construction Pty Limited as a structured engineer. He was employed by Jacobs China Limited for the period from September 1990 to March 2005. His last position was managing director.

Mr. Leung graduated with a Bachelor degree of Science in Engineering from The University of Hong Kong in November 1973 and a Master degree of Engineering Science from The University of Sydney, Australia in May 1984. He is a member of The Institution of Civil Engineers of the United Kingdom, a fellow of The Hong Kong Institution of Engineers, and a fellow of The Institution of Structural Engineers of the United Kingdom. He is also a Registered Professional Engineer with Engineers Registration Board of Hong Kong.

Professor Lo Man Chi, JP, 58, is the independent non-executive Director of the Company and has served the Board for more than 8 years. She has joined The Hong Kong University of Science and Technology since 1992, and is currently a full professor in the Department of Civil and Environmental Engineering. She has extensive research and practical experience in the field of civil and environmental engineering, and produced various academic publications.

Professor Lo is an elected Academician of class VI – Technical and Environmental Sciences of the European Academy of Sciences and Arts in July 2014. She is a fellow of The Hong Kong Institution of Engineers and a fellow of American Society of Civil Engineers. Professor Lo was elected a fellow of the Hong Kong Academy of Engineering Sciences in December 2023. She was the chairperson of the Environmental Division of The Hong Kong Institution of Engineers. She obtained a Bachelor of Science degree in Engineering from National Taiwan University in 1988, as well as a Master of Science degree in Engineering, and a Doctor of Philosophy degree from The University of Texas at Austin in 1990 and 1992, respectively.

Ms. Chau Wai Yung, 39, is the independent non-executive Director of the Company and has served the Board for more than 8 years. She is an associate member of Hong Kong Institute of Certified Public Accountants, and has worked as an accountant with Deloitte Touche Tohmatsu for more than 4 years. Thereafter, she joined the corporate recovery & forensic services department of Mazars CPA Limited from March 2011 to September 2012. From 2014 to 2016, she worked as a project manager consultant with Vieste Investments Limited. She currently works in Corporate Strategy and Development Department with Li Tong Group.

Ms. Chau graduated with a Bachelor degree of Social Sciences with first class honours from The Chinese University of Hong Kong in May 2006. She also obtained a postgraduate certificate in professional accounting from City University of Hong Kong in summer 2006.

SENIOR MANAGEMENT

Mr. Lam Tat Shing, 46, is the general manager (contracts and operation) of the Group. He is responsible for site operation and management of civil and marine projects. He has served the Group for more than 14 years.

Mr. Lam is a member of The Hong Kong Institution of Engineers and The Institution of Engineers, Australia, and has over 24 years of experience working in the civil engineering industry. Mr. Lam is an Accredited NEC 3 & NEC 4 Engineering and Construction Contract Project Manager. He also has experience of port works and fill management.

Mr. Yu King Tang, 47, is the contracts manager of the Group. He is responsible for site operation and management of civil projects. He has served the Group for more than 13 years.

Mr. Yu is a member of The Hong Kong Institution of Engineers, and has over 23 years of experience working in the civil engineering industry. Mr. Yu is an Accredited NEC 3 & NEC 4 Engineering and Construction Contract Project Manager.

Ms. Law Wai Ting, 39, is the financial controller and company secretary of the Group. She is responsible for the Group's financial affairs, engaging, and overseeing all aspects of the corporate financial activities, internal control, and corporate governance matter of our Group. She has served the Group for more than 2 years.

Ms. Law holds a master of corporate governance from The Hong Kong Polytechnic University. She is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute. Additionally, she is a member of the Hong Kong Institute of Certified Public Accountants and has over 17 years of experience in auditing, accounting, financial management and company secretarial matters.

The directors of the Company (the "Directors") present their annual report together with the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provision of corporate management services.

The activities of its principal subsidiaries and joint operations (set out in notes 13 and 14 to the consolidated financial statements) are engaged in construction and civil engineering works.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46 of the annual report and in accompanying notes to the consolidated financial statements.

The Board does not recommend payment of any final dividend for the year ended 31 March 2024. (2023: HK3.5 cents).

As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

DISTRIBUTABLE RESERVES

Movements in the reserves of the Group and of the Company are set out in the consolidated statement of changes in equity on page 48 and note 36 to the consolidated financial statements respectively. In respect of the Company, the amount of reserves available for distribution under the Companies Act of the Cayman Islands as at 31 March 2024 was HK\$1,033,000.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 94 of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 28 August 2024 (the "2024 Annual General Meeting"), the register of members of the Company will be closed from Friday, 23 August 2024 to Wednesday, 28 August 2024, both dates inclusive, during which period no transfer of shares of the Company (the "Shares") will be registered. In order to be eligible to attend and vote at the 2024 Annual General Meeting, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not later than 4:30 p.m. on Thursday, 22 August 2024.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed in note 30 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 March 2024 amounted to HK\$40,500.

PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors

Lo Yuen Cheong (*Chairman*)

Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry

Lo Man Chi

Chau Wai Yung

In accordance with article 16.2 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the first annual general meeting after his appointment and shall then be eligible for re-election at such meeting. In addition, in accordance with article 16.18 of the Articles of Association, one-third of the existing Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Accordingly, Mr. Lo Yuen Cheong and Prof. Lo Man Chi will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" in this report.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a renewed service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from 3 July 2021, which may be terminated at any time by giving to the other party not less than 3 months' written notice.

The non-executive Director has signed a renewed appointment letter with the Company for a term of one year with effect from 3 July 2023, which may be terminated at any time by giving to the other party not less than 3 months' written notice.

Each of the independent non-executive Directors has signed a renewed appointment letter with the Company for a term of three years with effect from 3 July 2022, which may be terminated at any time by giving to the other party not less than 3 months' written notice.

The appointment is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract or appointment letter which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the management on the basis of their merits, qualifications and competence.

The Remuneration Committee considers and makes recommendations to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 31 March 2024, the Group had an aggregate of 167 (2023: 177) full-time employees. Employee costs excluding directors' emoluments totalled approximately HK\$76.9 million for the year ended 31 March 2024 (2023: HK\$78.9 million). For the year ended 31 March 2023, government grants of approximately HK\$2.7 million from the employment support scheme have been offset with the employee costs however there was no such government grants for the current year. The Group recruited and promoted the employees according to their strengths and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

Details of Directors', Chief Executive's and employees' emoluments are set out in notes 10 and 37 to the consolidated financial statements. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 March 2024.

In addition to the above, a share option scheme is adopted for rewarding and retaining Directors and employees for the continual operation and development of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions and Connected Transactions", no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

DISCLOSURE INTERESTS IN SECURITIES

A. Directors' and the Chief Executive's interests in the shares of the Company

As at 31 March 2024, the interests and/or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director and Group member/associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,372,000	71.55%
	Beneficial owner	4,716,000	1.12%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,372,000	71.55%
Chan Wai Ying of the Company	Beneficial owner	1,500,000	0.36%
Leung Wai Tat Henry of the Company	Beneficial owner	100,000	0.02%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	50,000 of US\$1 each	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest each in a controlled corporation and interest in spouse (Note)	50,000 of US\$1 each	100%

Note: Jade Vantage Holdings Limited, which owns 71.55% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,372,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares of the Company in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

None of the Directors nor the Chief Executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the year.

B. Substantial shareholders and other interests

As at 31 March 2024, so far as the Directors are aware, the following persons (not being a Director or a Chief Executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,372,000	71.55%
Jade Vantage Holdings Limited	Beneficial owner	300,372,000	71.55%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,372,000	71.55%
	Beneficial owner	3,276,000	0.78%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,372,000	71.55%

Note: Jade Vantage Holdings Limited, which owns 71.55% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,372,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares of the Company in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, no other person (other than Directors or Chief Executive of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the listing of the Company on the Stock Exchange on 3 July 2015 (the "Share Option Scheme").

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

(b) Participants of the Share Option Scheme

The Board may, at its discretion, grant options pursuant to the Share Option Scheme to director (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, subcontractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group (the "Participants").

(c) Total number of shares available for issue under the Share Option Scheme

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 41,500,000 Shares, representing 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange and 9.89% of the Shares in issue as at the date of the annual report.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time.

(d) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue, unless approved by the shareholders of the Company in the manner as stipulated in the Share Option Scheme.

In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000, are subject to shareholders' approval in advance at a general meeting.

(e) Time of exercise of options

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(f) Vesting period of options granted under the Share Option Scheme

There is no minimum period for which an option must be held before it can be exercised in general. The Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation the minimum period for which an option must be held and/or the minimum performance targets that must be reached, before the options can be exercised in whole or in part, as the Board may determine in its absolute discretion.

(g) The subscription price per share

The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

(h) Payment on acceptance of option

HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option.

(i) Remaining life of the Share Option Scheme

The Share Option Scheme will expire on 2 July 2025 and no further options may be granted but the provisions of the Share Option Scheme shall in all other respects remain in force and effect and options which are granted during the life of the Share Option Scheme may continue to exercise in accordance with their respective terms of grant. The remaining life of the Share Option Scheme is approximately one year.

No option was outstanding, granted, exercised, cancelled or lapsed during the year ended 31 March 2024.

The total number of share options available for grant under the Share Option Scheme as at 1 April 2023 and 31 March 2024 was 34,874,000.

The total number of shares that may be issued in respect of options granted under the Share Option Scheme during the financial year ended 31 March 2024 divided by the weighted average number of shares in issue for the year was nil.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2024, the five largest customers of the Group and the single largest customer of the Group accounted for 100% and approximately 34.3% (2023: 100% and 35.3%) of the total revenue of the Group, respectively. The five largest suppliers and the single largest supplier of the Group during the year accounted for approximately 50.0% and 15.7% (2023: 59.3% and 15.0%) of the total purchases of the Group, respectively. The five largest subcontractors and the single largest subcontractor of the Group during the year accounted for approximately 51.2% and 17.9% (2023: 41.0% and 12.0%) of the total subcontracting fee of the Group, respectively.

As far as the Directors are aware, none of the Directors, their associates, within the meaning of the Listing Rules, or those shareholders which to the knowledge of the Directors own more than 5% of the Company's share capital have an interest in any of the five largest customers and/or five largest suppliers/subcontractors of the Group for the year ended 31 March 2024.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 35 to the consolidated financial statements, and none of which constitutes a discloseable connected transaction or continuing connected transaction as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

RELIEF FROM TAXATION

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Shares.

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 for the year ended 31 March 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that he/she is neither engaged, nor interested, in any business which, directly or indirectly, competes or may compete with the Group's business.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year and there is no contract significance in relation to provision of services by the controlling shareholder or any of its subsidiaries to the Group.

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong, Ms. Tam Wai Sze, Vera, Ms. Cheung Suk Ching, Savonne, Jade Vantage Holdings Limited and LOs Brothers (PTC) Limited entered into a deed of non-competition dated 3 June 2015 (the "Deed of Non-Competition") so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance its corporate governance in connection with the listing of the shares on the Stock Exchange.

The independent non-executive Directors were delegated with the authority to review, on an annual basis, the compliance with the Deed of Non-Competition. The independent non-executive Directors were not aware of any non-compliance of Deed of Non-Competition during the year ended 31 March 2024.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged appropriate directors' and officers' liability insurance coverage for its Directors and officers.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Board of the Company are committed to maintain high standards of corporate governance with the Corporate Governance Code, as set out in Appendix C1 of the Listing Rules with exception of deviation. Detailed information on the Company's corporate governance practices is set out in the "Corporate Governance Report" contained in pages 19 to 28 of the annual report.

BUSINESS REVIEW

Detailed information on the Group's business review is set out in the "Management Discussion and Analysis" contained in pages 4 to 8 of the annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2024 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers shall retire and being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as auditor of the Company.

There were no changes in auditors of the Company in the preceding three years.

EVENTS AFTER THE REPORTING PERIOD

Save for disclosed elsewhere in this annual report, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this annual report.

On behalf of the Board

Lo Yuen Cheong

Chairman and Executive Director

26 June 2024

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound internal control, appropriate risk management, monitoring procedures and transparency to all shareholders and stakeholders.

The Company has adopted, applied and complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") during the year ended 31 March 2024, except for provision C.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group's business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

CORPORATE CULTURE, VALUES AND STRATEGY

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor. We play an active role in seeking opportunities in the civil engineering industry in Hong Kong especially in the public sector, in order to achieve sustainable growth in our business and create long-term shareholders value.

We embrace a culture of integrity, respect, collaboration, inclusion and care, where our people are committed to continuous innovation and pursuit of excellence for the good of the Company and society and large. Our Directors lead the drive to promote this culture across our Company.

Various circumstances such as staff engagement, employee retention and training, whistleblowing, data privacy and anti-corruption policies, and compliance with laws, rules and regulations have comprehensively reflected our corporate culture. Accordingly, the Board believes that the Group's purpose, values and strategies are aligned with the Group's culture.

THE BOARD

The Board has a balanced composition of members to ensure independent judgment being exercised in all discussions. The Board focuses on the overall strategies, policies and business plans of the Group, monitors the financial performance, internal controls and risk management of the Group. Executive Directors and senior management are responsible for the day-to-day operations of the Group.

The composition of the Board and the individual attendance (Board meetings and annual general meeting) of each Director are set out below:

Attendance	Board meetings from 1 April 2023 to the date of this report	2023 annual general meeting
Executive Directors		
Lo Yuen Cheong (<i>Chairman</i>)	6/6	1/1
Lo Yick Cheong	6/6	1/1
Non-executive Director		
Chan Wai Ying	6/6	1/1
Independent non-executive Directors		
Leung Wai Tat Henry	6/6	1/1
Lo Man Chi	6/6	1/1
Chau Wai Yung	6/6	1/1

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board is comprised of 6 directors including two executive Directors, one non-executive Director and three independent non-executive Directors. All the directors have been on the Board since the Company listed on the Stock Exchange on 3 July 2015. In compliance with Rules 3.10A, 3.10 (1) and (2) of the Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out in the section headed “Directors and Senior Management” in this report. Save for the relationships as detailed in the biographical details, there is no other relationship among the Board to the best knowledge of the Board members. The Company has also maintained on its website and that of the Stock Exchange an updated list of its Directors identifying their roles and functions and whether they are independent non-executive Directors. The independent non-executive Directors are explicitly identified in all of the Company’s corporate communications.

Under code provision C.5.1 of the CG Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

Directors’ resolutions were passed by way of written resolutions or by physical meetings or tele-conferencing. The Company has to comply with the CG Code provisions with regard to the conduct of meetings, have annual meeting schedules and draft agenda of each meeting made available to Directors in advance and serve notice of regular Board meetings to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is required to be given.

Board papers together with all appropriate, complete and reliable information have to be sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The Company’s Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

BOARD INDEPENDENCE

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board. Currently there are three independent non-executive Directors on the Board, accounting for 50% of the Board. A private meeting between the Chairman and the independent non-executive Directors takes place at least once each year, to provide an avenue for independent views to be communicated to the Chairman directly. The Board also conducts an annual evaluation of its performance, whereby Directors anonymously submit their comments on the effectiveness of the Board and suggest areas for improvement. In addition, Directors are entitled to take independent professional advice as appropriate at the expense of the Company in order to facilitate proper discharge of their duties. The Board reviewed the mechanisms annually to ensure their effectiveness and the Board considered that the mechanisms were effective for the year under review.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate directors’ and officers’ liability insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. No claim was made against the Directors and officers of the Company for the year ended 31 March 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman and chief executive officer are two key aspects of the management of a company. Chairman performs the management of the Board and Chief Executive Officer performs the day-to-day management of the business.

The Company considered that both positions of Chairman and Chief Executive Officer require persons with in-depth knowledge and experience of the Group's business. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

During the year, Mr. Lo Yuen Cheong has been both the Chairman and Chief Executive Officer of the Company. In addition to his responsibilities as Chairman leading and organising the business of the Board, ensuring its effectiveness, setting agenda and formulating overall strategies and policies of the Company, he has taken up the role of Chief Executive Officer to manage the Group's business and overall operation in an efficient manner. The day-to-day business of the Group has been delegated to the divisional heads responsible for the different aspects of the business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, and will continue thereafter until terminated by not less than three months' written notice to the other party.

Non-executive Director and each of the independent non-executive Directors have been appointed for an initial term of one year and three years respectively. The appointments are subject to the provisions of the Company's Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. Pursuant to the Company's Articles of Association, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions set out in code provision A.2.1 of the CG Code:

- (1) to formulate and review the Group's corporate governance policies and practices;
- (2) to review and oversee the training and continuous professional development of Directors and senior management of the Group;
- (3) to review and oversee the Group's policies and practices in compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (5) to review and approve the strategy of environmental, social and governance and relevant policies; and
- (6) to review the Group's compliance with the Appendix C1 to the Listing Rules (Corporate Governance Code) as adopted by it from time to time and the disclosure in the Corporate Governance Report as set out in the annual reports of the Company.

The Board had performed the above duties during the year.

BOARD COMMITTEE

The Company established a Nomination Committee, Remuneration Committee and Audit Committee with terms of reference in compliance with the CG Code, which are posted on the websites of the Company and the Stock Exchange.

Nomination Committee

The Nomination Committee currently comprises five members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, JP and Ms. Chau Wai Yung, and two executive Directors including Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

The principal responsibilities of the Nomination Committee are regular reviewing of the Board composition, identifying and nominating suitable candidates as Board members, assessing of the independence of the independent non-executive Directors and Board evaluation.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2024 and up to the date of this report.

From 1 April 2023 up to the date of this report, two meetings of the Nomination Committee were held to (i) review the structure, size and composition of the Board which is determined by directors' skills and experience appropriate to the Company's business; (ii) review the execution effectiveness of the board diversity policy and made recommendations to the Board for approval; (iii) assess and confirm the independence of all independent non-executive Directors; and (iv) review and recommend the appointment and retirement by rotation of Directors. The attendance of individual members in the meetings is set out below:

Attendance	From 1 April 2023 to date of this report
Lo Yuen Cheong (<i>Chairman</i>)	2/2
Lo Yick Cheong	2/2
Chau Wai Yung	2/2
Leung Wai Tat Henry	2/2
Lo Man Chi	2/2

The Board has amended and adopted a nomination policy with effect from 27 December 2018. The nomination of candidate(s) is made in accordance with certain selection criteria: (a) reputation for integrity; (b) accomplishment and experience; (c) commitment in respect of available time and relevant interest; and (d) diversity in all aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of members of the Board, in assessing and selecting proposed candidates for directorship. The relevant procedures are set out in nomination policy for the Nomination Committee to follow, subject to provisions in the Company's Articles of Association and applicable Listing Rules. The Board recognises the need for appointment or re-election of directors, the following nomination procedures should be followed:

- (a) The Nomination Committee shall review the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board at least once annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- (b) The Nomination Committee shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- (c) The Nomination Committee shall assess the independence of independent non-executive Directors.
- (d) The Nomination Committee shall make recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.
- (e) Where the Board proposes a resolution to elect an individual as an independent non-executive Directors at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting.
- (f) The Board shall have the final decision on all matters in respect of the recommendation of candidates to stand for election or re-election at any general meeting.

Remuneration Committee

The Remuneration Committee currently comprises of four members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, JP and Ms. Chau Wai Yung, and one executive Director being Mr. Lo Yuen Cheong.

The Remuneration Committee is responsible for reviewing the remuneration package of the Directors and senior management and making recommendation to the Board for approval. The fees of the independent non-executive Directors are recommended by the Remuneration Committee to the Board for approval at the annual general meeting of the Company (with the relevant committee members abstaining from voting on the resolution concerning his/her own remuneration).

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2024 and up to the date of this report.

From 1 April 2023 up to the date of this report, three meetings of the Remuneration Committee were held to review the remuneration policy and the remuneration packages for the Directors and senior management. The attendance of individual members in the meetings is set out below:

Attendance	From 1 April 2023 to date of this report
Chau Wai Yung (<i>Chairman</i>)	3/3
Lo Yuen Cheong	3/3
Leung Wai Tat Henry	3/3
Lo Man Chi	3/3

Details of the directors' emoluments for the year ended 31 March 2024 are set out in note 37 to the consolidated financial statements of this annual report. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band (excluding Directors) is set out below:

Remuneration Band	Number of Individuals
HK\$2,000,001 to HK\$2,500,000	2
HK\$1,000,001 to HK\$1,500,000	1

Audit Committee

The Audit Committee currently comprises of four members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, JP and Ms. Chau Wai Yung, and one non-executive Director being Ms. Chan Wai Ying.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor and assessing their independence and performance, reviewing of the effectiveness of financial reporting processes, risk management and internal control systems, and the financial information and compliance of the Group. The Audit Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

The Audit Committee reviewed with the management the Group's unaudited interim results for the six months ended 30 September 2023 and the audited annual results for the financial year ended 31 March 2024, and discussed internal controls, risk management and financial reporting matters. The Audit Committee also reviewed this report, and confirmed that this report complies with the applicable standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors. The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities for the year ended 31 March 2024 and up to the date of this report.

From 1 April 2023 up to the date of this report, four meetings of Audit Committee were held with attendance of individual members as set out below:

Attendance	From 1 April 2023 to date of this report
Leung Wai Tat Henry (<i>Chairman</i>)	4/4
Chan Wai Ying	4/4
Chau Wai Yung	4/4
Lo Man Chi	4/4

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and the management has designed, implemented and monitored of the risk management and internal control systems of the Group to provide reasonable assurance for achieving objectives and to review the effectiveness of such systems on an annual basis covering all material controls, including financial and operational aspects, and compliance of applicable laws, rules and regulations.

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aim to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Under its framework, each department within the Group is responsible for identifying, assessing and managing risks, as well as ensuring internal control systems and risk management are effective.

The Group has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

In light of the size, nature and complexity of the business of the Group, the Directors are of the view that it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Group does not have an internal audit department and will continue to review the need for an internal audit function.

During the year, the Company engaged an external independent consultant with professional staff in possession of relevant expertise (the "independent professional firm") to perform internal audit function and to carry out an internal control review, which comprised, inter alia, enterprise risk assessment and review of the internal control system of the Group, including financial, operational and compliance controls. The review plan was approved by the Audit Committee and the Board.

Based on the risk assessment and the review of the internal control system of the Group conducted by the independent professional firm for the year, no significant risk and control deficiency was identified. The relevant assessment and review reports have been considered by the Audit Committee and the Board for assessing the effectiveness of the risk management and internal control systems. The Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function performed during the year ended 31 March 2024. The Board, through the reviews made by the independent professional firm and the Audit Committee, concluded that the risk management and internal control systems are effective and adequate in all material respects.

Disclosure of inside information

With reference to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission under section 399 of the SFO, the Board has implemented procedures and internal controls for handling and dissemination of inside information. The Group has adopted a policy which aims to set out guidelines to the Group's directors, officers and all relevant employees to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the SFO and the Listing Rules.

Governance policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. All employees adhere to various Group policies that reflect the core values and corporate culture of the Group. The Company has established anti-corruption and whistleblowing policies and systems, which are conducive to setting a healthy corporate culture and good corporate governance practices.

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Quality

The Group has instituted an integrated management system, meeting the requirements of ISO9001:2008, the clients and the statutory regulations. The Group has also obtained ISO14001:2015 for the professional standards of quality, safety, environmental and operation management.

The Group has consistently delivered products and services of the highest quality through a process of continuous improvement to earn social recognition and become the preferred partner with each of its valued clients.

Health, safety and environmental

Health and safety of all those who visit and work on the Group's sites, together with the protection of the environment, have been and will remain key priorities of the Group.

In addition to the three Board Committees of the Company, a robust Safety, Health and Environment Committee has been established to ensure that health, safety and environmental matters are appropriately managed by the Group. During the year, the Safety, Health and Environment Committee has continued to drive the continuous improvement of health, safety and environmental practices throughout the Group.

The committee members include an executive Director, an assistant general manager for operation, an assistant general manager for quality and health, safety and environmental management, and the safety manager and they meet formally bimonthly unless they are notified to the contrary.

The role of the Safety, Health and Environment Committee is to:

- Build and sustain an incident/injury-free working environment;
- Create a positive health, safety and environmental culture;
- Implement an effective health, safety and environmental management system and proactively manage health, safety and environmental performance.

The Group has improved its overall safety performance and achieved its ultimate goal of zero fatal accident and extremely low reportable accident case for the year. For the year ahead, the Safety, Health and Environment Committee will continue to promote the benefits of health, safety and environmental practices and reduce the Group's accident frequency rate.

BOARD DIVERSITY POLICY

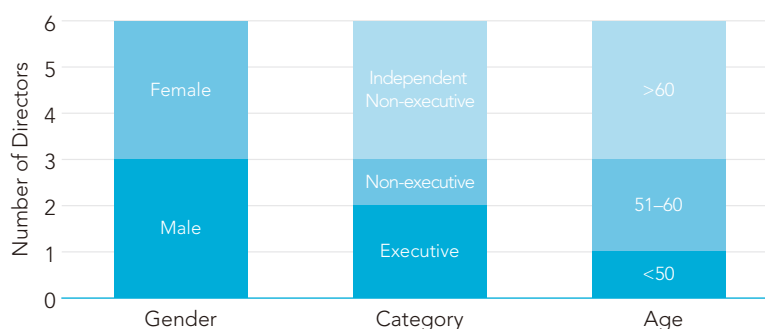
The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. In particular, the representation of men and women on the Board has reached 50:50. We believe gender diversity enables better problem solving and brings different perspectives and approaches issues differently, leading to improved decision making processes. These differences are taken into account in determining the optimum composition of the Board.

Under the existing gender diversity mix, the Board is of the view that it is not necessary to set numerical targets and timeline for board gender diversity for the time being. The Nomination Committee discusses the measurable objectives for implementing diversity on the Board from time to time and recommends them to the Board for adoption.

The Nomination Committee reports annually on the composition of the Board from diversified perspectives, and monitors the implementation of this policy to ensure the effectiveness of this policy. It also discusses any revisions that may be required, and recommends any such revisions to the Board for consideration and approval.

The Board has reviewed the implementation of, and confirmed the effectiveness of, its board diversity policy for the year ended 31 March 2024.

The following chart shows the diversity profile of the Board as at 31 March 2024:



CORPORATE GOVERNANCE REPORT

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 March 2024, the total workforce gender ratio was 20.2% female and 79.8% were male (including the senior management). We consider that at present there is a reasonably gender diversity in the Group's workforce given that gender emphasis on male is common in the civil engineering industry. We will continue to review it and make appropriate adjustment in staff recruitment, if necessary.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, as well as placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors' training and they have provided a record of training they received for the year ended 31 March 2024 to the Company.

A summary of continuous professional development each Director participated in during the year ended 31 March 2024, according to the records provided, is set out below:

Name of Directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive Directors	
Lo Yuen Cheong	✓
Lo Yick Cheong	✓
Non-executive Director	
Chan Wai Ying	✓
Independent non-executive Directors	
Leung Wai Tat Henry	✓
Lo Man Chi	✓
Chau Wai Yung	✓

All the Directors attended a training session conducted by the Company's legal adviser relating to directors' duties and responsibilities under the Hong Kong Companies Ordinance (Cap. 622), the Listing Rules and other applicable laws and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and other relevant employees.

Specific enquiry has been made of all the Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 March 2024.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

ACCOUNTABILITY

The Directors acknowledged their responsibility for preparing of the financial statements of the Group for the year ended 31 March 2024 under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The Directors ensure that the financial statements for the year ended 31 March 2024 were prepared in accordance with the statutory requirements and the applicable accounting standards, and have been prepared on a going concern basis.

The management has provided sufficient explanation and information of the Group's financial, operational performance as well as business development and also with management accounts and monthly updates to the Board to enable the Board to make an informed assessment of the Group's performance, financial position and Group's prospects to enable the Board and each Director to discharge their duties. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The Group recognises that the independence of an external auditor is a fundamental governance principle. External auditor provides the Board and shareholders an objective assurance on whether the financial statements fairly represent the financial position and performance of the Group in all material aspects.

The working scope and reporting responsibilities of the external auditor, PricewaterhouseCoopers, are set out on pages 42 to 45 in the Independent Auditor's Report.

Company Secretary

All Directors have access to the advice and services of the company secretary of the Company, Ms. Law Wai Ting, a full time employee of the Company. Please refer to her biographical details as set out on page 10 of this annual report.

During the year ended 31 March 2024, Ms. Law Wai Ting has taken not less than 15 hours of professional training.

Shareholders' Rights

The Company is committed to pursue active dialogue with shareholders as well as to provide disclosure of information concerning the Group's material developments to shareholders, investors and other stakeholders.

Any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, and adding resolutions to the meeting agenda to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

To safeguard shareholder interests and rights, a separate resolution would be proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

As regards proposing a person for election as a director, the procedures are available on the website of the Company.

Shareholders who have enquiries regarding the above procedures or intend to put forward their enquiries about the Company to the Board, may write to the company secretary of the Company at Unit D, 10/F, Skyline Tower, 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong.

There are no provisions allowing shareholders to make proposals or move resolutions at shareholders' meeting under the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting as set out above.

CORPORATE GOVERNANCE REPORT

Dividend policy

The Directors acknowledge the importance of stakeholders' engagement and it is the Company's dividend policy to contemplate at least two times a year (prior to the announcement of annual and interim results) on the distribution of a dividend. While the Directors endeavour to share the Group's results with shareholders by way of a dividend, the portion and actual amount of distribution out of profits will be determined by the Directors having regard to a variety of factors, including but not limited to the Group's actual and expected operating results and conditions, gearing level, general financial condition, availability of cash, future plans and funding needs for expansion.

The payment of dividend by the Company is also subject to any restrictions under the Articles of Association. The dividend policy will be reviewed periodically and when necessary in light of changes in circumstances and regulatory requirements. There is no assurance that a dividend will be proposed or declared in any specific periods.

Auditor's remuneration

For the year ended 31 March 2024, the remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, amounted to HK\$1,680,000 in respect of the annual audit and interim review services of the Company. There is no non-audit services performed during the year ended 31 March 2024.

The statement of the Company's external auditor, PricewaterhouseCoopers, regarding their reporting responsibilities is set out in pages 42 to 45 in the Independent Auditor's Report forming part of this annual report.

Independent auditor

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives each year letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

Constitutional document

There had been no change to the Company's constitutional documents during the year ended 31 March 2024.

The latest constitutional documents is available on the websites of the Company and the Stock Exchange.

Investor relations and communication with shareholders

The Group recognises the importance of timely and non-selective disclosure of information. The Company's corporate website www.manking.com.hk, which features a dedicated Investor Relations section, facilitates effective communication with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and in a timely manner. Latest information of the Company includes announcements, press releases and constitutional documents.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Group by mail or by email at manking@manking.com.hk.

In addition to publication of information, the annual general meeting of the Company provides a forum for communication between shareholders and directors. The chairman of the Board in person chairs the annual general meeting to ensure shareholders' views are communicated to the Board. Moreover, the briefing on the Company's business and the questions and answers session at the annual general meeting allow shareholders to stay informed of the Group's strategies and goals.

In addition to the chairman of the Board, the chairman of the board committees, or in their absence, other members of the respective committees and the external auditors of the Company, are available to answer any queries that shareholders may have.

The Company has in place a shareholders communication policy to ensure that shareholders' views and concerns are appropriately addressed. During the year, the Board has reviewed and is satisfied with the implementation and effectiveness of the shareholders' communication policy on the basis that sufficient channels of communication has been maintained with the shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board acknowledges its responsibility for the Group's ESG strategy and reporting, evaluating and determining the Group's ESG-related risks and ensuring the integrity of the ESG Report. The Group is committed to develop sustainability in accordance with the ESG management principles by building the Group as an open, transparent and fair enterprise with due consideration of the environmental and social responsibilities with its business objectives, planning and operation. We will keep working towards achieving long-term sustainable growth of our business while safeguarding stakeholders' interests.

The Group has implemented internal environmental policies by setting up the Safety, Health and Environment Committee aiming to ensure that the environmental matters are appropriately managed by the Group.

REPORTING SCOPE AND PRINCIPLES

This ESG Report focuses on the operation of the Group's business in providing civil engineering services in Hong Kong as main contractor. The information published in this ESG Report covers the period from 1 April 2023 to 31 March 2024 (the "Reporting Period"), unless otherwise stated, which is the same as the financial year covered in the Group's annual report for the year ended 31 March 2024.

This report is prepared in accordance with the following reporting principles:

- **Materiality:** The Group identified key ESG topics through stakeholder engagement and materiality assessment, which has been disclosed in this ESG Report;
- **Balance:** The ESG Report presented the Group's environmental and social performance in an unbiased manner;
- **Quantitative:** Information on the standards, methodologies and source of conversion factors used for the reporting of emission and energy consumption has been disclosed in this ESG Report;
- **Consistency:** The methodology for disclosing key environmental performance indicators is consistent with that of the previous year.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing this report, assisting the Group in reviewing its operation, identifying key environmental, social and governance issues and assessing the importance of these issues to our businesses and stakeholders. We collected the information from relevant departments of the Group with reference to the identified material environmental, social and governance issues.

We have identified material ESG policies and performance for the Reporting Period with reference to Appendix C2 – Environmental, Social and Governance Reporting Guide of the Listing Rules, and discussed each as below:

IDENTIFIED MATERIALITY ASSESSMENT FOR ESG ASPECTS

Environmental

Emissions (air, noise, water)

Waste mitigation measures

The environment and natural resources

Use of resources

Climate change

Social

Employment and labour practices

Training and development

Health and safety

Labour standards

Supply chain management

Product responsibility

Anti-corruption

Community investment

ENVIRONMENTAL

The Group is committed to minimising negative impact caused by its operations on the environment. The Group has obtained ISO14001:2015, a certified environmental management system aiming to follow and to promote good sustainability practice, to reduce our negative impacts of all our activities by using least resource practicable, developing smarter method of construction, and creating processes to deliver projects more efficiently, and influencing our clients to do the same.

(i) Emission

(a) Air (carbon emissions)

The Air Pollution Control Ordinance provides powers to statutory authorities to control air pollutants from a variety of stationary and mobile sources, including fugitive dust emissions from construction sites. The Ordinance also provides license control on certain polluting industrial processes known as “specified processes” such as concrete batching. The aim is to properly control and monitor the air pollution caused by the industries that have significant pollution potential.

Over 50% of the Group’s carbon emissions contribute comes from fuel used in cars and goods vehicles owned and operated by the subsidiaries or joint operations of the Group. We reduced these emissions through a combination of investment in new fuel efficient vehicles and driver training. All of our commercial vehicles are Euro V emission standards, which have better air emissions performance. We have also provided our project clients with cars driven by electricity instead of fuel, so as to help mitigate the carbon emission. The reduction in petrol consumption in cars and vehicles was related to the replacement of new medium and heavy goods vehicles during the year which are more fuel efficient and environmental friendly.

In addition, more electric cars were purchased to reduce the fuel used in cars and thus led to the reduction of fuel usage and lower the emission levels.

For the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations for the above matters.

(b) Noise

To help mitigate the negative construction impacts to the public, we carry out all construction activities only during the permitted hours and days. We carry out construction works using powered mechanical equipment with silence devices. In addition, our project sites have set up retrofitting noise barriers and limitation of speed of site vehicles within 20km/h to reduce noise generation.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations on noise emission control, and had not received any direct complaints from the public and fines or warning notices from the Environmental Protection Department.

(c) Water

To fully comply with The Water Pollution Control Ordinance which governs waste water discharged by our construction site, all our projects apply and maintain valid license before any of these discharges commence.

We have carried out comprehensive water quality mitigation measures to comply with the regulations as well as better management on water resources for each project, mainly focusing on water conservation and discharge quality. Each project monitors its water use and consumption.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and had not received any complaints or fines or warning notices from the public or the relevant environmental agencies on our wastes water disposal activities.

(ii) Waste mitigation measures

Managing waste is a key environmental issue of the Group and we recognise that the construction activities may affect the environment in a number of ways and commit to minimise the potential negative impacts on a site-by-site basis, taking into account the size, constraints and type of the project. The hierarchy adopted is based on reuse, recycling, reduction, recovery and at the last resort, treatment prior to disposal.

Type of waste	Works requiring waste mitigation measures	Mitigation measures
Construction waste	<p>Construction mainly comprises:</p> <ol style="list-style-type: none"> 1. Road works 2. Earthworks 3. Drainage and sewerage works 4. Water works 	<ol style="list-style-type: none"> (a) Application of proper procedures and controlled conditions to minimise concrete wastage. (b) A reconciliation of concrete supplied and volumes placed will be supplied to the engineer and/or foreman to enable him to check that wastage volumes are kept within reasonable limits.
Formwork/ Steel waste	<p>Construction mainly comprises:</p> <ol style="list-style-type: none"> 1. Road works 2. Earthworks 3. Drainage and sewerage works 4. Water works 	<ol style="list-style-type: none"> (a) Reusable metal forms will be used for drainage works so that large wastage of planks and timber can be minimised. (b) Careful design and planning to avoid over ordering of timber for formwork. (c) Maximise the use of standard timber faced panels for repetitive reuse. (d) To minimise steel wastage, steel structure for roofing, walkway, will be prefabricated prior to delivery to site.
Demolition waste	<ol style="list-style-type: none"> 1. Mainly due to site clearance 2. Existing staircase 	<ol style="list-style-type: none"> (a) As these volumes of waste are unavoidable, site works areas and haul roads will be contained as far as possible to limit site clearance waste. (b) Removal of debris, temporary or permanent structures and other items arising from site clearance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of waste	Works requiring waste mitigation measures	Mitigation measures
Chemical waste	Form oil, retarder, bonding agent, diesel for poker vibrator and generator, etc., used in the construction of	(a) Adjacent to the sorting facility/site boundary will be a chemical storage area for keeping chemicals to avoid accidental leakage into the ground and with a chemical waste storage area next to it for placement of chemical waste and its disposal by a chemical waste collector.
	1. Road works	(b) Chemicals will be placed in the chemical storage area or in a bunded area to avoid accidental spillage.
	2. Earthworks	(c) Accidental spillage of chemicals will be properly treated to avoid passing into the drainage system.
	3. Drainage and sewerage works	(d) Will register as a chemical waste producer with Environmental Protection Department of HKSAR.
4. Water works		
Sorting of waste for recycle prior to disposal	Waste generated from the construction includes:	(a) Sorting area and chemical storage areas to be arranged.
	1. Road works	(b) Skip is made available for the collection of general waste for disposal.
	2. Earthworks	(c) Sorting will take place at the designated area near the entrance and at the boundary of the site to allow for efficient sorting and disposal (if required).
	3. Drainage and sewerage works	(d) Waste water will be recycled for wheel washing and water spray to prevent dust generation.
	4. Water works excavation and backfilling	(e) Site hoarding will be bunded to avoid waste water flowing down the slope to the nearby premises
	5. Slope works	(f) Manhole will also be bunded with sand bags to avoid waste water entering as a result of surface run-off due to rain.
	6. Removal of debris, temporary or permanent structures and other items arising from site clearance	(g) Licence to dump at the public fill will be applied for and will dump at the designated area as approved by Civil Engineering and Development Department of HKSAR.

The amount of materials that we purchase and the amount of waste thus generated is a direct cost to our business. Reduction in waste will make our business operate in a more efficient way and thus provide both economic and financial benefits. For example, we managed to divert a number of truck loads full trees from disposal to landfill for re-uses as horticultural features from our projects. This gives us great incentive and help to consistently reduce waste to landfill and increase re-use.

(iii) Use of resources

The Group upholds and promotes the principle of effective use of resources and is committed to optimising the use of resources in all of its business operations. The Group has established aforementioned policies and procedures in governing the use of energy and water to achieve higher efficiency and reduce the unnecessary use of resources.

The below performance data are for reference only and they may vary significantly subject to the number of projects on hand and the stage of completion of each project:

	2023/2024	2022/2023	2021/2022
Electricity	763,273 kWh	795,086 kWh	538,341 kWh
Water	28,142 m ³	32,211 m ³	22,655 m ³
Petrol	39,943 litres	43,061 litres	42,999 litres
Diesel	151,573 litres	155,536 litres	142,904 litres
NO _x emissions	404,930 g	706,959 g	450,792 g
SO _x emissions	3,027 g	3,137 g	2,933 g
PM emissions	32,418 g	59,778 g	37,401 g
Scope 1 (Direct emissions)	490 tCO ₂ e	508 tCO ₂ e	475 tCO ₂ e
Scope 2 (Energy indirect emissions)	412 tCO ₂ e	429 tCO ₂ e	291 tCO ₂ e
Total greenhouse gas emissions (Scope 1 + Scope 2)	902 tCO ₂ e	937 tCO ₂ e	766 tCO ₂ e
Non-hazardous waste	14,929 tonnes	28,285 tonnes	31,067 tonnes
Paper consumption	4,332 kg	5,208 kg	4,031 kg

The intensity (per million dollars of revenue) of electricity, water and petrol consumption are approximately 2,255 kWh, 83 m³ and 118 litres for the Reporting Period respectively (2023: approximately 1,756 kWh, 71 m³ and 95 litres).

Our hazardous waste mainly refers to the disposal of spent lube oil and empty paint can where the quantities are minimal to the Group. We monitor the usage of resources regularly to prevent any abnormal usage. Explanation is required in our management meeting in the event that there is an abnormal usage of resources.

We have reduced paper usage by implementing new human resource management system to allow employees accessing salary and leave record online to replace the payroll slip. We have also set up temperature monitor sensor at our site office to monitor any excessive electricity usage.

Apart from the above, we encourage our employees to reuse non-confidential waste paper and recycling and seasonal free of air-conditioner within the workplace, and always fully utilise the vehicles by planning the routes on daily basis.

To support the local renewable energy development, we purchased the Renewable Energy Certificate issued by the CLP. This aims to reduce the carbon footprint and support the local renewable energy generated from the renewable energy sources including solar power, wind power and landfill gas projects.

Due to the geographical location of the Group's business, the Group did not encounter any problem in sourcing water that was fit for purpose.

In light of the Group's business nature, the use of packaging material was not considered to be a material ESG aspect to the Group.

(iv) The environment and natural resources

As a main contractor in providing civil engineering services, carbon emissions, noise and wastewater are generated during the Group's business operations. The Group recognises its responsibility in minimising significant negative impacts on the environment and natural resources in its business operations and has therefore established a pollution control system and installed various equipment to process and dispose of its industrial wastes. The Group remains conscious of its existing and potential impacts, and regularly assesses the environmental risks of its business model, adopts preventive measures and ensures compliance with relevant laws and regulations.

The Group has adopted various measures to reduce the emissions, noise and wastewater generated. Such measures are aforementioned in "Air (carbon emissions)", "Noise" and "Water".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(v) Climate change

The Group recognises the importance of the identification and mitigation of significant climate related matters; therefore, the Group is committed to managing the potential climate-related risks which may impact the Group’s business activities.

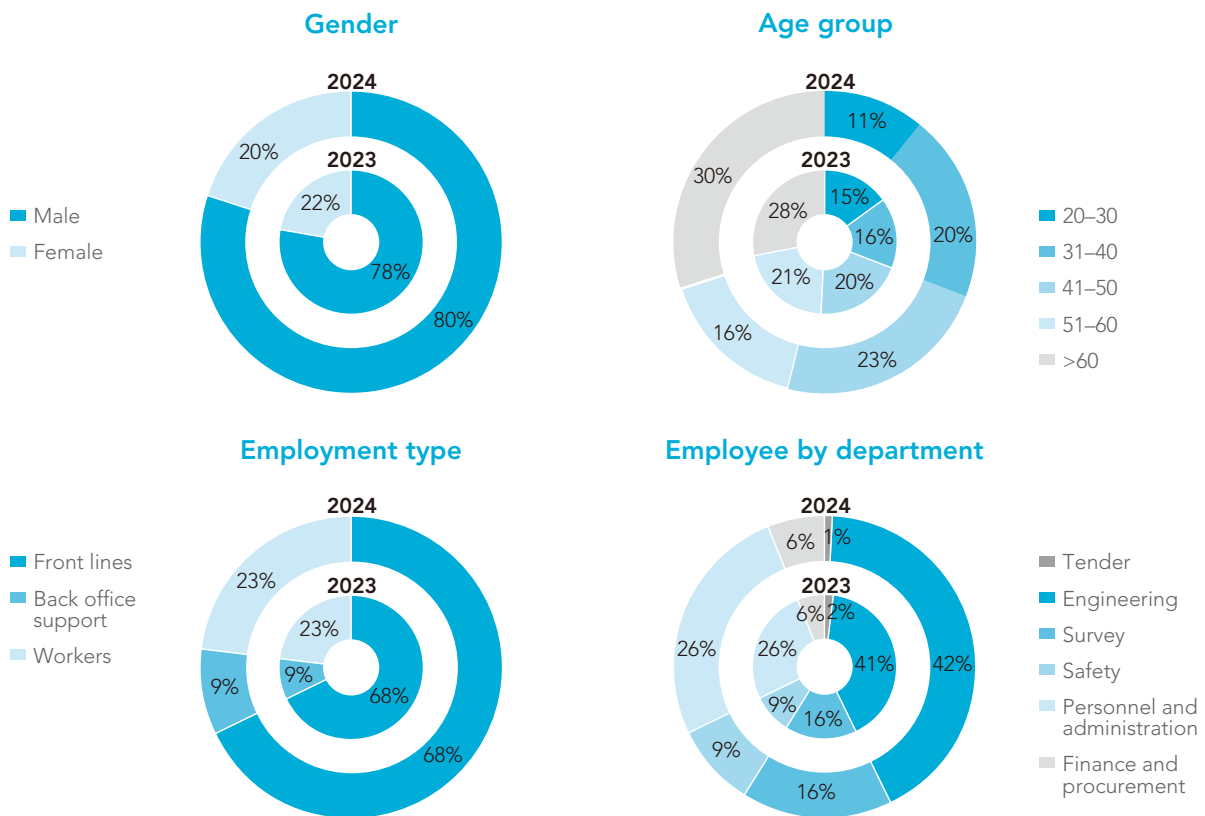
The Board meets regularly and cooperates closely with key management to identify and evaluate climate-related risks and to formulate strategies to manage the identified risks.

The Group identified the material impacts on the Group’s business arising from the increased frequency and severity of extreme weather such as typhoons and heavy rains can disrupt the Group’s operations by damaging the construction sites, and injuring its employees during their work, leading to reduced capacity and decrease in productivity, or exposing the Group to risks associated with delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions.

SOCIAL

(i) Employment and labour practices

The Group has established and maintained fair and comprehensive employment policies and regulatory standards in compliance with the Employment Ordinance, the Employees’ Compensation Ordinance and other applicable regulations, and has provided equal opportunity and career development to all of the employees. As at 31 March 2024, the Group has a total of 167 full-time employees (2023: 177 full-time employees) in Hong Kong and the total workforce by gender, age group, employment type and employee by department are demonstrated as follow:



During the Reporting Period, the Group honoured all obligations to our employees including the payment of salaries and wages, holiday and leave, compensation, insurance and health benefits without disputes, violations or litigation related to employment.

There are approximately 649,000 registered construction workers in Hong Kong in April 2024 and around 46.4% of them are older than 50 (average age at 47.3 years old). The retirement of old workers will exacerbate the problem of labour shortage. We face the same challenge and we continue to recruit young workers with attractive remuneration packages to maintain our productivity.

Diversity

We value the diverse background and experience of our people to make most of their talents. According to the statistics of the Construction Industry Council, female workers account for around 6.9% and 19.8% of the registered workers in the civil and building sector and the whole construction industry, respectively. Gender emphasis on male is common in construction industry and the gender ratio of our Group is close to the overall statistics with around 20.2% female in the workforce. In addition, the gender of our Board are well diversified and balanced. We believe it will bring the same benefit to the front line by recruiting more female employees in the future.

Employee engagement and retention

Our growth relies on our people. The number of staff depends on the number of projects on hand. We continue to recruit and develop a number of apprentices, Vocational Training Council (VTC) and undergraduate placements. The Group, through its operation companies, has sponsored scholarships to VTC students in the past years. This provided a reliable access for recruitment of fresh talents. Furthermore, our Group has recruited civil and structural engineering professionals from overseas through the Quality Migrant Admission Scheme.

We believe these overseas talent can enhance our Group's diversity in workforce and promote knowledge and experience sharing among our people.

Promotion and performance appraisal

The Group assesses the performance of the employees on a regular basis, the results of which are used for their annual salary review and performance appraisal. The Group gives preference to internal promotion to provide an incentive for consistent and continuous effort. Performance bonus may also be awarded to employees with outstanding performance.

Benefits and welfare

The Group understands that good benefits and welfare encourage retention and foster a sense of belonging. Therefore, the Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on their job scope, responsibilities and performance. Share options may also be granted to eligible employees of the Group.

Employee turnover rate by gender and age group

		2023/2024		2022/2023	
		Number of turnover employees (person)	Turnover rate	Number of turnover employees (person)	Turnover rate
By gender	Male	27	20%	43	32%
	Female	10	29%	11	28%
By age	Below 30	8	42%	15	58%
	30-50	9	24%	20	32%
	Over 50	20	48%	19	22%

Since all of our employees are based in Hong Kong, turnover rate in relevant geographical region is not applicable to the Group.

Compensation and dismissal

The Group compensates employees according to the statutory requirements. Unreasonable dismissal under any circumstances is strictly prohibited. Dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

Working hours and vacations

Official working hours and vacations are clearly stated in the Employee Handbook and are in accordance with local employment laws.

Equal opportunity and anti-discrimination

The Group strove to optimise the system of human resources management to promote fairness and equality within the workplace, human resources policy has been established to ensure there is no discrimination on the grounds of age, gender, marital status, family status, sexual orientation, disability, ethnic group, nationality or religion. In accordance with our human resource policy, the above factors are not considered in the decision-making process of employment, remuneration, and promotion.

(ii) Training and development

Providing training and development opportunities to our workforce is important in recruitment and retention of our employees. We know that work should be challenging, rewarding and stimulating and should be able to provide new opportunities to employees to overcome obstacles and develop skills. With this in mind, we make sure that all the staffs across every part of the business have regular opportunities to learn and grow.

In the past years, we mainly focused on new NEC form of contract comprehensive training which was fully implemented for all public works, and engaged an expert to provide professional development supervision, mentoring and counselling services to our selected civil engineering staff by way of group discussions, workshops and one-to-one meeting with formal annual appraisal. We have also nominated employees to attend the core programs which were comprehensive and beneficial to personal development. Average training hours for each employee was around 1.8 hours during the year ended 31 March 2024.

Same as last year, we have also joined Contractor Cooperative Training Scheme organised by the Construction Industry Council to encourage on-site training for our engaged subcontractors. Development is important in recruitment and retention of our employees and we continue to sponsor our employees to engage in learning courses in technical apprenticeship programme and degree programme, and sponsor personnel self-development through the taking up of external training programs, seminars or diploma courses.

Percentage of employees trained and average training hours completed per employee gender and employment type

		2023/2024		2022/2023	
		Percentage of employees trained	Average training hours completed per employee	Percentage of employees trained	Average training hours completed per employee
By gender	Female	13%	1.4	23%	3.1
	Male	13%	1.9	35%	4.9
By function	Management	33%	1.3	33%	7.6
	General Staff	13%	1.8	32%	4.7

(iii) Health and safety

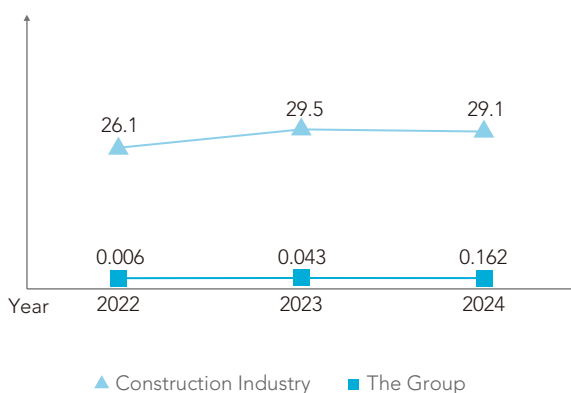
The health and safety requirements challenge our management to ensure it creates a safe working environment for all our staff. To ensure adequate protection for employees against accidents, instructions in relation to safety policies and procedures have been issued to departments and work sites on safety policies and procedures. Further, the Group has established Safety, Health and Environment Committee to drive the continuous improvement of health, safety and environmental practices throughout the Group. The Group has developed, implemented and maintained a safety management system to:

- Build a positive health and safety culture within the workforce
- Properly implement safety and health control measures
- Minimize accidents/near misses
- Deliver the project on time
- Improve the effectiveness of safety and health systems
- Efficiently use of resources
- Enhance productivity
- Enhance communication between project team and stakeholders.

According to the latest Occupational Safety and Health Statistics, the average accident rate and fatality rate was 29.1 and 0.162 per 1,000 workers respectively in the construction industry. The number of construction accidents remain at a high level and the construction fatality rate is three times more than the economy-wide figure. The occupational injuries in the construction sector surged to the historical high, prompting strong public concerns.

Through the concerted efforts of all parties concerned, the Group has no fatal accident in each of the past three years including the current year, and there were one reportable accident in the current year and last year, respectively and 0.010 lost days per the total number of man-days due to work injury in the current year.

Number of accident rate per 1,000 workers



In response to continued advocacy in society, the Occupational Safety and Health (“OSH”) Ordinance was amended and came into effect in April 2023, raising the penalties for serious offences to a maximum fine of HK\$10 million and imprisonment for two years. Nevertheless, the Group always places efforts in maintaining a safe working environment and only recruits subcontractors with high safety precaution standards. Our project team and Safety, Health and Environment Committee have also strengthened the supervision procedures during the lifting works and launched additional safety training program to reinforce the culture and importance of safety in the workplace.

During the Reporting Period, the Group was not subject to any material administrative penalties or fines for any breach of the relevant laws or regulations relating to the provision of a safe working environment or the protection of employees against occupational hazards including but not limited to Employment Ordinance and OSH Ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paying compensation to settle construction injuries are additional cost for our construction management and the forgone earnings of workers from occupational injuries are also economic loss to the society. As such, the Group has increased the application of innovative technologies and artificial intelligence to boost productivity, efficiency, and safety.

The Group is using the following artificial intelligent products for safety purpose:

- Facial recognition to detect unauthorised access
- Video analytics to detect intrusion into restricted zone
- Real time GPS positioning and remote tracking
- Smart watches to workers to monitor the worker's health situation such as body temperature and heart beat rate with alarm notice

In addition, the Group also provides virtual reality training to the workers to increase the workers' safety alertness of potential dangers in different site conditions and scenario.

The benefits of using above technologies are to (i) keep managing staff informed of any site hazards, (ii) control environment to prevent workers to access safe-risk zone, and (iii) promote safe access culture and draw attention to the safety risks.

(iv) Labour standards

Forced labour and child labour are ethical issues relating to infringement of basic human rights and put the Group's reputation at risk. The Group strictly prohibits the use of forced and child labour. The Group has delegated the human resources and administration department to conduct monitoring so as to ensure that there is no child labour and forced labour.

We have complied with all relevant laws and regulations as to protecting labour rights and taken reasonable steps to ensure that no forced labour, child labour and illegal labour are in our business operations, including the subcontractors worked with the Group. The Group has no record of employment conviction in the past 7 years.

During the recruitment process, all candidates' identification documents are fully examined and verified to ensure that only employees over the age of 16 will be recruited. Such practice is extended to the workers hired by the Group's subcontractors.

In the case that any of the Group's subcontractors is involved in hiring child labour and this comes into the Group's knowledge, the concerned subcontractor will be banned or suspended from submitting tenders for the Group's future projects.

During the Reporting Period, the Group was not aware of any labour dispute records or any non-compliance cases on labour employment issues.

(v) Supply chain management

We have engaged over 120 suppliers and 80 subcontractors in Hong Kong and few suppliers in the PRC to carry out works for our projects based in Hong Kong. The Group maintains long term business relationship with them to ensure stable supply of materials or carrying out subcontracting works on time. Our site agents keep reviewing the performance of each supplier or subcontractor on an annual basis, focusing on their abilities to meet quality, cost, safety and schedule requirements, and other criteria such as competency, cooperation, communication and organisation of work. Visits to the Group's major suppliers' business premises are also conducted annually to evaluate their social and environmental responsibility performance. If the evaluation score for a particular supplier/subcontractor is below average, that supplier/subcontractor will be classified as a disqualified supplier/subcontractor and removed from the supplier/subcontractor register. Such performance evaluation will be reviewed by the management, and the supplier/subcontractor of unsatisfactory performance will be discussed in the project review meeting. The Group understands the importance of incorporating environmental and social practices of its suppliers and therefore endeavors to engage suppliers who act responsibly with regard to green supply chain management.

(vi) Product responsibility

It is the policy of the Company, in executing operations at all time in such manner to ensure the customers' satisfaction and full compliance of statutory and other requirements in terms of quality, environment, health and safety in the company's projects.

Project quality assurance

In the course of implementation and execution of the project, our project management team will carry out regular quality check and inspection in order to ensure that works done by our subcontractors conform to the contractual specifications. We have been awarded with the ISO 9001 for our quality management system. We will also hold progress meetings with our customer throughout the project where our project manager will report the progress to the customer, discuss the major issues encountered and obtain customer's feedbacks. We aim to maintain clear and timely communication with subcontractors and clients. If complaints are received regarding our products or services, we will record the reason of complaint and carry out follow-up actions as prompt responses.

During the year ended 31 March 2024, no complaint was received which is related to our products and services and there were no products sold or shipped subject to recalls for safety and health reasons.

Project safety assurance

On the construction site, the project manager and his or her team have to ensure safety standards of the reclamation and other construction projects meet the contractual requirements. Customers or consultants could also access to review the related safety supervision results for verification of the project safety and compliance status.

With our long history and presence in Hong Kong, our proven track record and well-established relationship with our existing customers, we are able to rely on our existing customer base, reputation and customer referrals such that we do not rely on promotional activities and therefore there were no issues of advertising and labelling during the year ended 31 March 2024.

Consumer data protection

The Group values the protection of confidential information of our employees and customers. We comply with local laws and regulations relating to personal information such as the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to prevent misuse of our customers' information. The information of customers is only collected based on necessity. The Group is fully aware of its customer data protection obligation. The Group has continuously monitor, maintain and update the hardware, software and security system to prevent any customer data breach due to illegal hacking attacks. Employees are required to acknowledge and comply with the Employee Handbook with regards to the confidentiality clause restricting employees from divulging or communicating any customer or company-related information to any person outside of the Group. Any unauthorised access, disclosure or use of information will be subject to disciplinary actions including termination and legal action.

During the year ended 31 March 2024, there were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group and there were no products sold or shipped subject to recalls for safety and health reasons.

Based on the result of materiality assessment, intellectual property right is not considered material and no disclosure is made with this regard.

(vii) Anti-corruption

We always demonstrate strong commitment to anti-corruption business practices and have zero tolerance to corruption. We have implemented whistle-blowing policy statement and code of conduct on notice board to listen to the concerns of employee, and to make sure they know about the policy and how to make a disclosure. All employees of the Group are required to strictly observe the code on personal and professional conducts and the guidelines on anti-bribery and anti-corruption conducts as provided in the manual of code of conduct of the Group as follows:

1. Prevention of Bribery Ordinance – soliciting or accepting any advantage in connection with the employee's work for the Group without the permission of the Group is strictly prohibited and such conduct may amount to an offence under Section 9(2) of the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong).
2. Acceptance of Advantage – soliciting or accepting any advantage when conducting business for the Group is prohibited, unless with the prior permission of the Group in writing.
3. Entertainment – employees should avoid accepting lavish or frequent entertainment from business partners associated with the Group (e.g. clients, suppliers or subcontractors) to prevent being affected in their business judgement. Excessive gambling and loans should also be avoided.
4. Conflict of Interest – employees should avoid any situation which may lead to an actual or perceived conflict of interest and make a declaration to the Group when such occasion occurs.

Employees who are in breach of the code of conduct may be dismissed or removed. Employees may report in writing to the Group regarding the suspected misconduct. Reports and complaints received will be handled in a prompt and fair manner. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated. There is no legal case relating to bribery, extortion, fraud or money laundering brought against the Group or its employees and the Group is not aware of any material non-compliance with the relevant laws and regulations relating to corrupt practices that would have a significant impact on the Group during the year. We continue to carry out regular review and update policy statement if necessary so as to ensure their effectiveness to strengthen the internal controls and compliance regime of the Group.

We have voluntarily subscribed to the Integrity Charter of the construction industry mainly organized by the ICAC which aims at further promoting integrity management. We prohibit all forms of bribery and corruption and are committed to integrity, honesty and our management would attend integrity training regularly to keep abreast the update on anti-corruption. Additionally, updates on these issues were provided during our regular meetings to ensure everyone remain informed and vigilant.

(viii) Community investment

We believe corporate social responsibility as a viable and necessary part of doing business. Our aim, as a responsible construction group, is to reduce this negative impact by approaching our business objectives responsibly and by responding to the different concerns and demands of those affected by our activities, while remaining profitable and competitive.

Our Group's subsidiaries have been qualified as Caring Company launched by the Hong Kong Council of Social Service which is specifically geared to building strategic partnerships among businesses and non-profit organisations to create a more cohesive society.

During the current year, we have made donations to Charitable institutions and have also carried out volunteer works for the Produce Green Foundation including demolishing works and restoration. We place emphasize on the social responsibility and while would also balance our stakeholders' interests.

We see the long-term and sustainable development in Hong Kong is crucial to our business. We continue to enhance our integrated strength as well as operating and management expertise to develop a new model for multifaceted investments and business development. We shall strive to create a solid and proactive proprietary framework for securing our position in the ever-changing market environment and be a valuable member of the community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF AN ASSOCIATED GROUP

The Group's 20.3% owned One Belt One Road project in Pakistan is committed to leadership and continuous improvement in environmental, health, and safety practices for the benefits of employees, contractors and communities. This is accomplished by:

- Providing a safe and healthy workplace;
- Integrating environmentally sound practices into all processes;
- Complying with applicable laws, regulations, policies, and standards;
- Conserving natural resources and energy;
- Providing necessary resources to support environmental, health, and safety goals and objectives; and
- Integrating environmental, health, and safety goals and objectives with an overall business strategy.

Since the business engages in coal transshipment services from the on-going vessels to the jetty, large volumes of open-air coal transshipment will create coal dust environmental problem. Although there is no clear standard and method for pollution monitoring, we have adopted several special procedures on resolving coal dust problems. Key anti-dust measures include the operation of water spray mist at the coal hoppers, anti-spillage platform at coal hoppers, enclosed conveyors, and covering of coal in barge when there is a strong wind.

Another key environmental concern remains fuel consumption by the vessels. The fuel consumption decreased in line with the coal transshipment volume, from approximately 1,041 tons for the year ended 31 March 2023 to approximately 599 tons for the year ended 31 March 2024. We aim to minimize the adverse impact of environment by using marine gasoil (MGO) in which sulphur content is less than 0.5% and in compliance with international maritime requirement. As a result, sulphur dioxide emission is lesser to mitigate the impact of climate change, despite the higher operating costs than the other low grade fuel such as heavy fuel oil.

We also consider safety concern on large numbers of stevedores working on board during the peak season. All the new coming crew, labour and stevedores should get tested for COVID-19 and under quarantine ashore for at least 10 days. In addition to the safety banners, warning signs and notices displayed on the vessels, a variety of techniques, such as poster campaign, conduct of talks and the distribution of safety information sheets and guides are adopted in order to strengthen the promotion of health and safety.

We also obtained ISO9001:2015 *Quality management systems – Requirements*, ISO14001:2015 *Environmental management systems – Requirements with guidance for use*, and ISO45001:2018 *Occupational health and safety management systems – Requirements with guidance for use* for this project. The Group continues to develop, implement and maintain other environmental management systems such as environmental legislation review and due diligence for compliance, environmental auditing and training focusing on key areas, and the application for the compliance of ISO50001:2018 *Energy management systems – Requirements with guidance for use*.

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Man King Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Man King Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 46 to 93, comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

The key audit matter identified in our audit is related to revenue recognised from construction contracts of civil engineering services.

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Revenue recognised from construction contracts of civil engineering services

Refer to Note 4(a), 5 to the consolidated financial statements.

During the year ended 31 March 2024, the Group's revenue is principally generated from the construction contracts of civil engineering services.

A contract with customer for civil engineering services usually takes more than one year to complete and involves a series of services and works. From time to time, there are additional work (scope changes, claims and disputes).

Contract revenue is recognised over time as the Company creates assets that the customer controls during the course of construction. The progress towards complete satisfaction of relevant performance obligations is measured using output method, based on direct measurements of the values of works transferred by the Group to the customers with reference to certificates issued by independent surveyors as compared against the progress estimated by internal project teams.

We focused on this area due to the magnitude of revenue transactions occurred and management's judgements involved in identifying distinct performance obligations, assessment of the variable consideration and appropriate method to measure the progress towards complete satisfaction of performance obligations of a contract.

Our audit procedures performed on revenue recognised from construction contracts of civil engineering services included:

- We understood management's process in relation to revenue recognised from civil engineering services and assessed the inherent risk of material misstatements by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity;
- We inspected construction contracts, on a sample basis, and agreed contract sum and variations, if any, to management records;
- We evaluated the appropriateness of management's judgement adopted in revenue recognition of new contracts, including identification of distinct performance obligations, the method to measure the progress towards complete satisfaction of performance obligations, as well as the amount of variable consideration recognised;
- We checked, on a sample basis, the latest progress certificates issued by independent surveyors and agreed to the amount recognised as revenue; and
- We evaluated the reasonableness of the progress of contracts and additional work, on a sample basis, by (i) comparing the progress payment applications to the certificates issued by independent surveyors, and (ii) interviewing project teams about the progress of contracts and their evaluation of financial impacts of additional work.

Based upon the above procedures performed, we considered that the revenue recognised from construction contracts of civil engineering services were supported by available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism 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.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Hiu Tung.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 26 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	338,486	452,781
Cost of services		(365,131)	(383,160)
Gross (loss)/profit		(26,645)	69,621
Other income	6	8,983	3,085
Other gains/(losses), net	7	40	(569)
Administrative expenses		(26,647)	(33,986)
Operating (loss)/profit		(44,269)	38,151
Finance costs	8	(356)	(413)
Share of profit of an associate		20,059	13,234
(Loss)/profit before income tax	9	(24,566)	50,972
Income tax credit/(expenses)	11	1,824	(8,837)
(Loss)/profit for the year		(22,742)	42,135
Other comprehensive (loss)/income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive (loss)/income of an associate		(971)	4,273
Total comprehensive (loss)/income for the year attributable to the owners of the Company		(23,713)	46,408
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company:			
Basic and diluted per share (HK cents)	12	(5.42)	10.04

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	16,835	16,270
Right-of-use assets	16	9,623	13,726
Investment in an associate	17	112,607	111,750
Prepayment for property, plant and equipment	21	–	59
		139,065	141,805
Current assets			
Inventories	19	5,070	7,510
Contract assets	20	15,313	20,570
Trade and other receivables	21	52,336	38,082
Amounts due from joint operations/an other partner of joint operation	22	20,155	13,646
Financial assets at fair value through profit or loss	23	4,733	4,592
Bank deposits with maturity over three months	24	22,245	–
Cash and cash equivalents	24	153,853	235,326
		273,705	319,726
Total assets		412,770	461,531
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	4,198	4,198
Share premium and other reserves		68,448	84,113
Retained earnings		199,784	222,526
Total equity		272,430	310,837
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	6,158	9,644
Deferred tax liabilities	29	1,469	1,345
		7,627	10,989
Current liabilities			
Contract liabilities	26	22,051	28,229
Trade and other payables	27	88,162	87,734
Amounts due to other partners of joint operations	22	17,810	8,555
Bank borrowings	28	599	2,321
Lease liabilities	16	3,721	4,329
Tax liabilities		370	8,537
		132,713	139,705
Total liabilities		140,340	150,694
Total equity and liabilities		412,770	461,531

The consolidated financial statements on pages 46 to 93 were approved by the Board of Directors on 26 June 2024 and were signed on its behalf.

LO Yuen Cheong
Director

LO Yick Cheong
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Other reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Retained earnings HK\$'000	
At 1 April 2022	4,198	59,185	1,193	33,600	556	180,391	279,123
Profit for the year	–	–	–	–	–	42,135	42,135
Other comprehensive income	–	–	–	–	4,273	–	4,273
Total comprehensive income	–	–	–	–	4,273	42,135	46,408
Dividends paid (Note 31)	–	(14,694)	–	–	–	–	(14,694)
At 31 March 2023	4,198	44,491	1,193	33,600	4,829	222,526	310,837
At 1 April 2023	4,198	44,491	1,193	33,600	4,829	222,526	310,837
Loss for the year	–	–	–	–	–	(22,742)	(22,742)
Other comprehensive loss	–	–	–	–	(971)	–	(971)
Total comprehensive loss	–	–	–	–	(971)	(22,742)	(23,713)
Dividends paid (Note 31)	–	(14,694)	–	–	–	–	(14,694)
At 31 March 2024	4,198	29,797	1,193	33,600	3,858	199,784	272,430

Note: As part of the group reorganisation, there are series of restructuring within Man King Holdings Limited (the "Company") and its subsidiaries mainly involving interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company's share capital and the combined share capital of Concentric Construction Limited ("Concentric") and Peako Engineering Co. Limited ("Peako"), the indirect wholly-owned subsidiaries of the Company, was credited to other reserve on 31 December 2014.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	32(a)	(45,991)	104,648
Income tax paid, net		(6,219)	(4,005)
Net cash (used in)/generated from operating activities		(52,210)	100,643
Cash flows from investing activities			
Purchases of property, plant and equipment		(5,967)	(3,402)
Prepayment for property, plant and equipment		–	(59)
Proceeds from disposals of property, plant and equipment	32(b)	64	18
Advances to joint operations		(4,649)	(1,314)
Repayments from joint operations		1,048	166
Placements of bank deposits with maturity over three months		(22,245)	–
Dividend received from financial assets at FVTPL		317	292
Dividend received from an associate		18,231	5,563
Interest received		6,572	1,681
Net cash (used in)/generated from investing activities		(6,629)	2,945
Cash flows from financing activities			
Repayments of bank borrowings	32(c)	(1,722)	(1,797)
Interest paid for bank borrowings		(94)	(108)
Repayments of principal element of lease liabilities	16, 32(c)	(4,431)	(4,303)
Repayments of interest element of lease liabilities	16, 32(c)	(262)	(305)
Advances from other partners of joint operations	32(c)	6,120	9,409
Repayments of other partners of joint operations	32(c)	(7,551)	(9,728)
Dividend paid	31	(14,694)	(14,694)
Net cash used in financing activities		(22,634)	(21,526)
Net (decrease)/increase in cash and cash equivalents		(81,473)	82,062
Cash and cash equivalents at beginning of the year		235,326	153,264
Cash and cash equivalents at end of the year		153,853	235,326

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Companies Law, (Cap. 22, Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the provision of civil engineering works.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Its ultimate holding company is LOs Brothers (PTC) Limited and its immediate holding company is Jade Vantage Holdings Limited.

The consolidated financial statements are presented in Hong Kong Dollar ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Amended standards adopted by the Group

The Group has adopted the following new and amended standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 April 2023:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 (Amendments)	Insurance Contracts

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION *(Continued)*

(b) Amended standards and revised interpretation issued but not yet adopted by the Group

The following amended standards and revised interpretation have been issued but are not yet effective for the financial period of the Group beginning on 1 April 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKAS 28 and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group's management assessed that there are no amended standards and revised interpretation that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's transactions are substantially denominated in HK\$. The majority of assets and liabilities are denominated in HK\$ except United States dollars ("USD") and British Pound ("GBP") denominated financial assets at FVTPL. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than HK\$, which is the functional currency of the major operating companies within the Group. The Group currently does not hedge its foreign currency exposure.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. In the opinion of the directors, HK\$ are reasonably stable against the USD under the Linked Exchange Rate System, and accordingly, no sensitivity analysis with respect to the USD against HK\$ is performed.

At 31 March 2024, if GBP had weakened/strengthened by 5% against the HK\$ with all other variables held constant, loss before income tax for the year then ended would have been approximately HK\$95,000 higher/lower (2023: profit before income tax HK\$91,000 lower/higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from bank balances, bank deposits with maturity over three months and bank borrowings with floating interest rates. Other than bank balances, bank deposits with maturity over three months and bank borrowings, the Group does not have significant interest-bearing assets or liabilities.

At 31 March 2024 and 2023, the directors of the Company consider that the interest rate risk in relation to the Group's bank balances, bank deposits with maturity over three months and bank borrowings is not significant as the current debt level of the Group is relatively low.

(iii) Price risk

The Group's exposure to price risk arises from investments held by the Group and classified in the consolidated statement of financial position as FVTPL.

At 31 March 2024, if the fair values of the investments classified as financial assets at FVTPL had been 5% higher/lower, with all other variables held constant, the Group's (loss)/profit before income tax would have been approximately HK\$237,000 lower/higher (2023: HK\$230,000 higher/lower). (Loss)/profit before income tax would increase/decrease as a result of gains/losses on financial assets classified as at FVTPL.

(b) Credit risk

The credit risk of the Group mainly arises from cash at banks, bank deposits with maturity over three months, amounts due from joint operations/an other partner of joint operations, contract assets, trade receivables, deposits and other receivables. The carrying amounts of each financial asset represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk management

The Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

The credit risk on cash at banks and bank deposits with maturity over three months, are limited because deposits are in banks with sound credit ratings and management does not expect any loss from non-performance by these counterparties.

For the years ended 31 March 2024 and 2023, 96% and 99% of the Group's revenue was derived from various departments of the Government of the Hong Kong Special Administrative Region ("Government departments") respectively, where 84% and 87% of the Group's revenue was derived from its top three customers respectively. As at 31 March 2024 and 2023, 94% and 95% of the total trade and retention receivables were due from Government departments respectively.

For other receivables, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history, forward-looking information and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

Impairment of financial assets

Trade receivables, contract assets and trade-related amounts due from joint operations/an other partner of joint operations

The Group performs impairment assessment under expected credit loss (“ECL”) model, as required under HKFRS 9 Financial Instruments, for all trade receivables, contract assets and trade-related amounts due from joint operations/an other partner of joint operations.

The Group considers the credit risk characteristics of trade receivables, contract assets and trade-related amounts due from joint operations/an other partner of joint operations to measure the ECL. For trade receivables, contract assets and trade-related amounts due from joint operations/an other partner of joint operations, the Group has assessed the ECL by considering historical default rates, existing market conditions and forward-looking information. The ECL on these assets are assessed individually based on credit rating/an other partner of joint operations.

Based on the Group’s assessment, ECL rate of trade receivables, contract assets and trade-related amounts due from joint operations/an other partner of joint operations is close to zero. Therefore, the loss allowance provision for these balances was not material.

Other financial assets at amortised cost

The Group’s other financial assets carried at amortised cost include deposits and other receivables and non-trade related amounts due from joint operations/an other partner of joint operation in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

As at 31 March 2024 and 2023, management considered the credit risk of deposits and other receivables and non-trade related amounts due from joint operations/an other partner of joint operations to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these deposits and other receivables and non-trade related amounts due from joint operations/an other partner of joint operation were immaterial under 12-month expected losses method. Therefore, the loss allowance provision for these balances was close to zero and no provision was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year end dates during the year). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand HK\$'000	Less than 1 year HK\$'000	More than 1 year HK\$'000	Total HK\$'000
At 31 March 2024				
Trade and other payables	–	65,276	14,177	79,453
Amounts due to other partners of joint operations	17,810	–	–	17,810
Bank borrowings	606	–	–	606
Lease liabilities	–	3,888	6,301	10,189
	18,416	69,164	20,478	108,058
At 31 March 2023				
Trade and other payables	–	52,447	27,792	80,239
Amounts due to other partners of joint operations	8,555	–	–	8,555
Bank borrowings	2,405	–	–	2,405
Lease liabilities	–	4,577	9,931	14,508
	10,960	57,024	37,723	105,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The management does not expect that it is probable that the banks will exercise their rights to demand repayment. The management expect that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Total HK\$'000
At 31 March 2024				
Bank borrowings	606	–	–	606
At 31 March 2023				
Bank borrowings	1,803	602	–	2,405

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity and borrowings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to reduce debt.

The Group monitors capital on the basis of total debt to total capital ratio. Total debt and total capital represent total bank borrowings and total equity respectively. The debt to equity ratios as at 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
Total borrowings (bank borrowings (Note 28))	599	2,321
Total equity	272,430	310,837
Debt to equity ratio	0.2%	0.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

Financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of the Group's financial assets, including trade and other receivable, deposits, amounts due from joint operations/an other partner of joint operation, bank deposits with maturity over three months and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, amounts due to other partners of joint operations and bank borrowings, approximate their fair values due to their short maturities.

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following table presents the carrying value of financial instruments measured at fair value at the consolidated statement of financial position.

	Fair value measurement as at 31 March 2024		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Recurring fair value measurements			
Financial assets at FVTPL			
– Listed equity securities	1,499	–	1,499
– Unlisted fund investments	–	3,234	3,234
	1,499	3,234	4,733
	Fair value measurement as at 31 March 2023		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Recurring fair value measurements			
Financial assets at FVTPL			
– Listed equity securities	1,397	–	1,397
– Unlisted fund investments	–	3,195	3,195
	1,397	3,195	4,592

There were no transfers between levels 1 and 2 during the year (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Construction contracts – recognition of revenue

A contract with customer for civil engineering services usually takes more than one year to complete and involves a series of services and works. From time to time, there are additional work (for example scope changes, claims and disputes). The Group assesses revenue recognition of contracts, including determining transaction price, identification of distinct performance obligations, the method to measure the progress towards complete satisfaction of performance obligation.

The Group considers each contract has only one single performance obligation because the works are integration of various activities, and recognises revenue over time as it creates assets that the customer controls during the course of construction. The progress towards complete satisfaction of relevant performance obligation is measured using output method, based on direct measurements of the values of works transferred by the Group to the customers. The Group considers the output method better depicts the Group's performance in transferring control of goods or services to their customers. The construction works performed by the Group are certified by the surveyors appointed by the customers. The Group has internal project teams to measure their work and counter check with the certificates issued by independent surveyors.

Identification of performance obligation, evaluation of the financial impact of additional work and estimation of the completion status of construction works requires significant judgment and has significant impact on the amount and timing of revenue recognised.

Contract assets mainly include unbilled revenue in respect of the Group's right to receive consideration for a completed project in prior year but not yet billed. Significant judgment is exercised on the assessment of the possibility of the customer approving the respective variations. In making the judgment, management considers a wide range of factors such as results of obtaining legal advice for potential dispute, follow-up procedure with the customer, customer payment trends including subsequent payments.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

5 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in providing civil engineering services in Hong Kong as main contractor ("Civil Engineering Works").

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segment based on these reports.

The executive directors consider the Group's operation from a business perspective and determine that the Group has one reportable operating segment being the Civil Engineering Works.

The executive directors assess the performance of the operating segment based on a measure of revenue and gross profit.

During the years ended 31 March 2024 and 2023, all the Group's revenue were from contracts with customers and were recognised over time and derived from operations in Hong Kong.

Revenue from auxiliary civil engineering related services amounted to HK\$7,725,000 was recognised during the year ended 31 March 2024 (2023: HK\$6,047,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

As at 31 March 2024 and 2023, the Group's non-current assets are all located in Hong Kong except for the investment in an associate. The Group's associate is incorporated in Hong Kong and principally operating in Pakistan.

(a) Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group is as follow:

	2024 HK\$'000	2023 HK\$'000
Customer A	39,338	53,897
Customer B	116,226	155,747
Customer C	79,329	159,722
Customer D	88,368	78,024

(b) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term construction related services contracts.

	2024 HK\$'000	2023 HK\$'000
Aggregate amount of the transaction price of long-term construction contracts that are partially or fully unsatisfied as at 31 March	810,804	922,219

Management expects that the transaction prices regarding the unsatisfied contracts as of 31 March 2024 and 2023 will be recognised as revenue as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	378,617	491,627
More than one year but not more than two years	251,604	236,286
More than two years	180,583	194,306
	810,804	922,219

(c) Accounting policies of revenue recognition in relation to civil engineering services and provision of auxiliary civil engineering related services

(a) Revenue recognition policy

The Group recognises revenue upon the transfer of control of promised goods or services to customers, measured at the fair value of the consideration received or receivable, and represents amounts for the construction service rendered in the ordinary course of the Group's activity. The Group is acting as a principal rather than as an agent given that the Group integrates the materials, labor and equipment into the deliverables promised to the customers.

Civil Engineering services

Revenue is recognised over time as the Group creates assets that the customer controls during the course of construction. The Group applies the output method in recognising revenue from construction contracts by estimation of the progress towards complete satisfaction of relevant performance obligation, with reference to certificates issued by independent surveyors. The Group reviews the estimation of independent surveyors on an ongoing basis.

Provision of auxiliary civil engineering related services

Revenue from auxiliary civil engineering related services is recognised over time when the relevant services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Accounting policies of revenue recognition in relation to civil engineering services and provision of auxiliary civil engineering related services *(Continued)*

(b) Contracts

The Group derives revenue primarily from civil engineering projects, including roads and drainage, site formation and port works, with the Government of the Hong Kong Special Administrative Region and some private sector entities, under fixed price contracts, subjected to modification by agreeing claims and variation orders.

(c) Performance obligations

A performance obligation is a contractual promise to transfer a distinct good or service to a customer and is the unit of account under HKFRS 15. Contracts of the Group often require significant services to integrate complex activities and equipment into a single deliverable and are therefore generally accounted for as a single performance obligation. Contract amendments, claims and variation orders, which are generally not distinct from the existing contract, are typically accounted for as a modification of the existing contract and performance obligation.

(d) Variable considerations

The nature of the Group's contracts give rise to several types of variable consideration, including claims and unpriced variation orders. The Group recognises amount of variable consideration (for examples, scope changes, claims and disputes) in the transaction price only to the extent that 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.

Factors to be considered in determining whether revenue associated with variable considerations should be recognised including whether there is evidence supporting the variable consideration to be reasonable, objective and reliably estimated.

When there is change in circumstances, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to better predict the circumstances present at the end of the reporting period and the changes in circumstances during the year.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 38.18.

6 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Management fee income	360	415
Dividend income from financial assets at FVTPL	317	292
Bank interest income	6,572	1,681
Others	1,734	697
	8,983	3,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
Fair value changes of financial assets at FVTPL	141	(570)
Net exchange gain	–*	30
Loss on disposals of property, plant and equipment	(107)	(29)
Gain on early termination of leases	6	–
	40	(569)

* The balance was rounded to the nearest thousand.

8 FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expense on bank borrowings	94	108
Interest expense on lease liabilities (Note 16)	262	305
	356	413

9 (LOSS)/PROFIT BEFORE INCOME TAX

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax is arrived at after charging:		
Employee benefit expenses (Note 10)	85,751	87,953
Auditor's remuneration	1,680	1,680
Depreciation of property, plant and equipment (Note 15)	5,290	6,420
Depreciation of right-of-use assets (Note 16)	4,446	4,438
Cost of construction materials (Note 19)	30,704	48,303
Subcontracting charges	241,968	240,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES

	2024 HK\$'000	2023 HK\$'000
Directors' emoluments (Note 37)	8,818	9,065
Other staff salaries and other allowances (Note (a))	74,922	76,876
Other staff retirement benefit scheme contributions	2,011	2,012
Total employee benefit expenses, including directors' remuneration	85,751	87,953

Notes:

- (a) For the year ended 31 March 2024, no government grants from the employment support schemes (2023: HK\$2,690,000) had been offset in "other staff salaries and other allowances".
- (b) Post-employment benefits – defined contribution plans
No forfeited contributions for the Group is available to reduce the contribution payment in the future years. Contributions to schemes vest immediately.
- (c) Five highest paid individuals
The five individuals whose remuneration were the highest in the Group for the year include two directors (2023: two) whose remuneration are reflected in the analysis shown in Note 37. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	3,842	3,782
Discretionary bonus	2,179	1,469
Retirement benefit scheme contributions	36	54
	6,057	5,305

The highest paid non-director individuals' remunerations for the year fell within the following bands:

	2024 No. of employees	2023 No. of employees
HK\$1,500,001 to HK\$2,000,000	1	3
HK\$2,000,001 to HK\$2,500,000	2	–

For the years ended 31 March 2024 and 2023, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and there was no arrangement under which a director or the five highest paid individuals waived or agreed to waive any of the remuneration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX (CREDIT)/EXPENSES

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– Current year	12	9,164
– Over-provision in prior year	(1,960)	–
Deferred taxation (Note 29)	124	(327)
	(1,824)	8,837

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year.

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(24,566)	50,972
Less: Share of profit of an associate	(20,059)	(13,234)
	(44,625)	37,738
Tax at Hong Kong Profits Tax Rate of 16.5%	(7,363)	6,227
Income not subject to tax	(1,219)	(805)
Expenses not deductible for tax purposes	29	44
Utilisation of previously unrecognised tax losses	(1,074)	(149)
Tax losses for which no deferred tax asset was recognised	9,751	3,508
Over-provision in prior year	(1,960)	–
Withholding tax for dividend income	12	12
Income tax (credit)/expenses for the year	(1,824)	8,837

12 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for the year is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
(Loss)/profit attributable to owners of the Company (HK\$'000)	(22,742)	42,135
Weighted average number of ordinary shares in issue (thousands)	419,818	419,818
Basic and diluted (loss)/earnings per share (HK cents)	(5.42)	10.04

For the purpose of determining the diluted (loss)/earnings per share amount, no adjustment has been made to the basic (loss)/earnings per share amount for the years ended 31 March 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during these years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 SUBSIDIARIES

The Group's principal subsidiaries as at 31 March 2024 and 2023 are set out below.

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Principal activities	Particulars of paid up capital	Percentage of effective interest held/controlled by the Group	
				2024	2023
Directly held:					
Keytime Developments Limited	British Virgin Islands ("BVI"), limited liability company	Investment holding	Ordinary shares USD1	100%	100%
Wit Plus Limited	BVI, limited liability company	Investment holding	Ordinary shares USD1	100%	100%
Rich Partner Global Limited ("Rich Partner")	BVI, limited liability company	Investment holding	Ordinary shares USD100	100%	100%
Indirectly held:					
Peako	Hong Kong, limited liability company	Construction and civil engineering	Ordinary shares HK\$22,560,000	100%	100%
Concentric	Hong Kong, limited liability company	Construction and civil engineering	Ordinary shares HK\$28,680,000	100%	100%
Man King Construction Limited	Hong Kong, limited liability company	Investment holding	Ordinary shares HK\$100	100%	100%

Accounting policies in relation to subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group other than business under common control combination.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies in relation to subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting policies in relation to business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 SUBSIDIARIES *(Continued)*

Accounting policies of business combinations *(Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of profit or loss.

14 JOINT OPERATIONS

Particulars of the Group's material joint operations at the end of each reporting period are as follows:

Name of joint operation	Place of establishment and operation	Form of business structure	Equity interest attributable to the Group		Principal activities
			2024	2023	
Concentric – Hong Kong River	Hong Kong	Unincorporated	49%	49%	Civil engineering works
Peako – Wo Hing	Hong Kong	Unincorporated	70%	70%	Civil engineering works
Penta-Ocean – Concentric	Hong Kong	Unincorporated	49%	49%	Civil engineering works
CGC	Hong Kong	Unincorporated	49%	49%	Civil engineering works
PCJV	Hong Kong	Unincorporated	49%	N/A	Civil engineering works

Accounting policies in relation to joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint operations.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
As at 1 April 2022						
Cost	2,350	3,302	9,257	13,355	16,879	45,143
Accumulated depreciation	(339)	(1,566)	(5,336)	(9,148)	(10,866)	(27,255)
Net book amount	2,011	1,736	3,921	4,207	6,013	17,888
Year ended 31 March 2023						
Opening net book amount	2,011	1,736	3,921	4,207	6,013	17,888
Additions	–	–	1,402	644	2,803	4,849
Disposals/written-off	–	–	–	(47)	–	(47)
Depreciation charge (Note 9)	(80)	(380)	(1,901)	(1,627)	(2,432)	(6,420)
	1,931	1,356	3,422	3,177	6,384	16,270
As at 31 March 2023						
Cost	2,350	3,302	10,659	13,884	19,674	49,869
Accumulated depreciation	(419)	(1,946)	(7,237)	(10,707)	(13,290)	(33,599)
Net book amount	1,931	1,356	3,422	3,177	6,384	16,270
Year ended 31 March 2024						
Opening net book amount	1,931	1,356	3,422	3,177	6,384	16,270
Additions	–	–	140	5,344	542	6,026
Disposals/written-off	–	–	–	(171)	–	(171)
Depreciation charge (Note 9)	(79)	(369)	(987)	(1,468)	(2,387)	(5,290)
	1,852	987	2,575	6,882	4,539	16,835
As at 31 March 2024						
Cost	2,350	3,302	10,799	18,899	20,216	55,566
Accumulated depreciation	(498)	(2,315)	(8,224)	(12,017)	(15,677)	(38,731)
Net book amount	1,852	987	2,575	6,882	4,539	16,835

The Group's leasehold land is held under a medium-term lease in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets – Properties		
Beginning of the year	13,726	15,559
Additions	522	2,605
Depreciation expense (Note 9)	(4,446)	(4,438)
Early termination of leases	(171)	–
Lease modification	(8)	–
End of the year	9,623	13,726
Lease liabilities		
Beginning of the year	13,973	15,671
Additions	522	2,605
Interest expense (Note 8)	262	305
Repayments of principal element	(4,431)	(4,303)
Repayments of interest element	(262)	(305)
Early termination of leases	(177)	–
Lease modification	(8)	–
End of the year	9,879	13,973
Current	3,721	4,329
Non-current	6,158	9,644
	9,879	13,973

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets (Note 9)	4,446	4,438
Interest expense on lease liabilities (Note 8)	262	305
Expense relating to short-term leases	–	157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and car parks. The leases run for periods up to 6 years but may have termination options as described in (d) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes.

(d) Termination options

Termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

17 INVESTMENT IN AN ASSOCIATE

	2024 HK\$'000	2023 HK\$'000
Unlisted investments in an associate, at cost	96,712	96,712
Share of post-acquisition results and other comprehensive income, net of dividends	15,895	15,038
	112,607	111,750

Share of post-acquisition results and other comprehensive income

	2024 HK\$'000	2023 HK\$'000
Beginning of the year	54,488	36,981
Share of profit and other comprehensive income	19,088	17,507
End of the year	73,576	54,488

Notes:

(a) Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation and operation	Proportion of ownership interest held by the Group		Principal activity
		2024	2023	
River King Management Holdings Limited and its subsidiaries ("River King")	Hong Kong, Malta and Pakistan	20.3%	20.3%	Provision of bareboat charter hire services and coal transshipment services

(b) The following is the extract of financial information of the Group's associate which is accounted for using the equity method:

	2024 HK\$'000	2023 HK\$'000
Revenue	174,241	174,331
Profit for the year	98,814	65,192
Other comprehensive (loss)/income	(4,783)	21,049
Total comprehensive income	94,031	86,241
Dividend received	18,231	5,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT IN AN ASSOCIATE (Continued)

Share of post-acquisition results and other comprehensive income (Continued)

Notes: (Continued)

(b) The following is the extract of financial information of the Group's associate which is accounted for using the equity method: (Continued)

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Property, plant and equipment	373,261	399,219
Other non-current assets	423	582
	373,684	399,801
Current assets*	207,150	175,919
Total assets	580,834	575,720
Non-current liabilities	(5,773)	(4,302)
Current liabilities	(20,347)	(20,928)
Total liabilities	(26,120)	(25,230)
Net assets	554,714	550,490

* As at 31 March 2024, trade receivables of the Group's associate amounting to approximately HK\$196,162,000 (2023: HK\$153,888,000), were due from a debtor in Pakistan where the remittance of funds denominated in foreign currencies out of Pakistan is subject to the rules and regulations of foreign exchange control promulgated by the Government of Pakistan.

(c) Reconciliation of the summarised financial information presented to the carrying amount of the Group's investment in an associate

	2024 HK\$'000	2023 HK\$'000
Opening net assets as at beginning of the year	550,490	491,659
Profit for the year	98,814	65,192
Dividend paid	(89,807)	(27,410)
Other comprehensive (loss)/income	(4,783)	21,049
Closing net assets as at end of the year	554,714	550,490
Carrying amount of the Group's investment in an associate	112,607	111,750

Accounting policies in relation to associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

17 INVESTMENT IN AN ASSOCIATE *(Continued)*

Accounting policies in relation to equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.6.

Accounting policies in relation to revenue recognition in an associate

(a) Bareboat charter hire services

Revenue from charter hire services provided by the associates of the Group that are classified as operating leases are recognised over the period of charter hire in accordance with the charter hire agreements.

Initial direct costs incurred in arranging operating leases are added to the carrying amount of the assets and recognised as an expense over the lease term on the same basis as the lease income.

(b) Coal transshipment service

An associate of the Group is principally engaged in coal transshipment services. The associate has entered into an agreement with a third party for transshipping the coal from on going vessels to the jetty of the customer. Revenue are recognised on a daily basis, being when the Group's associate has delivered the coal to the customers and the customers have accepted the coal. The customers have full discretion over the coal, and there is no unfulfilled obligation that could affect the customers' acceptance of the coal. Delivery occurs when the coal has been transported to the specified location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments as at 31 March 2024 and 2023:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	42,005	27,689
Amounts due from joint operations/an other partner of joint operations	20,155	13,646
Bank deposits with maturity over three months	22,245	–
Cash and cash equivalents	153,853	235,326
Financial assets at FVTPL	4,733	4,592
	242,991	281,253
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	79,453	80,239
Amounts due to other partners of joint operations	17,810	8,555
Bank borrowings	599	2,321
Lease liabilities	9,879	13,973
	107,741	105,088

19 INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Materials for construction works	5,070	7,510

The cost of construction materials recognised as an expense during the year is approximately HK\$30,704,000 (2023: HK\$48,303,000) (Note 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Current		
Unbilled revenue of civil engineering works (Note (a))		
– Ongoing project	2,995	7,298
Retention receivables of civil engineering works (Note (b))	12,318	13,272
	15,313	20,570
Retention receivables of civil engineering works		
Due within one year	2,452	1,661
Due after one year	9,866	11,611
	12,318	13,272

Notes:

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

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

The carrying amounts of contract assets approximated their fair values and were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables (Note (a))	34,966	21,217
Current		
Other receivables, deposits and prepayments:		
– Deposits (Note (b))	5,881	6,201
– Other receivables	1,158	271
– Prepaid expenses	10,331	10,393
	17,370	16,865
Non-current		
– Prepayment for property, plant and equipment	–	59
	52,336	38,141

Notes:

- (a) Trade debtors are normally due within 30–60 days from customers' certification date.

The ageing analysis of the Group's trade receivables based on customers' certification date at the end of each reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	34,966	14,602
31–60 days	–	6,615
	34,966	21,217

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical default rates, existing market conditions and forward-looking information. Based on the assessment, ECL rate of trade receivables is close to zero. Therefore, the loss allowance provision for these trade receivables balances was not material.

- (b) As at 31 March 2024, deposits include (i) a deposit of approximately HK\$3,323,000 (2023: HK\$3,323,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (Note 34); and (ii) a rental deposit of approximately HK\$226,000 (2023: HK\$226,000) paid to C & P (Holdings) Hong Kong Limited, which is a related company of the Group (Note 35).

The carrying amounts of trade receivables, other receivables and deposits approximated their fair values and were denominated in HK\$.

Accounting policies in relation to impairment of investments and other financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 BALANCES WITH JOINT OPERATIONS AND OTHER PARTNERS OF JOINT OPERATION

(a) Amounts due from joint operations/an other partner of joint operation

	2024 HK\$'000	2023 HK\$'000
Trade related (Note (i))	3,476	568
Non-trade related (Note (ii))	16,679	13,078
	20,155	13,646

Notes:

- (i) The Group allows credit period of up to 60 days on trade-related amounts due from joint operations/an other partner of joint operation. The ageing analysis of the Group's trade-related amounts due from joint operations/an other partner of joint operation based on invoice date at the end of each reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	859	381
31–60 days	1,012	187
61–90 days	419	–
Over 90 days	1,186	–
	3,476	568

- (ii) The amounts are unsecured, interest-free and repayable on demand.

The amounts due from joint operations/an other partner of joint operations were ultimately borne by other partners of joint operations. The carrying amounts of these amounts approximated their fair values and were denominated in HK\$.

(b) Amounts due to other partners of joint operations

	2024 HK\$'000	2023 HK\$'000
Trade related (Note (i))	16,997	6,311
Non-trade related (Note (ii))	813	2,244
	17,810	8,555

Notes:

- (i) The credit period on trade-related amounts due to other partners of joint operations is up to 60 days. The ageing analysis of the Group's trade-related amounts due to other partners of joint operations based on invoice date at the end of each reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	5,756	595
31–60 days	1,540	399
61–90 days	–	12
Over 90 days	9,701	5,305
	16,997	6,311

- (ii) The amounts are unsecured, interest-free and repayable on demand.

The carrying amounts of amounts due to other partners of joint operations approximated their fair values and were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Equity securities listed in Hong Kong (Note (a))	1,499	1,397
Global funds – unlisted (Note (b))	3,234	3,195
	4,733	4,592

Notes:

- (a) The fair values of the listed equity securities were determined based on the quoted bid prices in an active market.
- (b) The fair values of unlisted investment funds were determined by the fund administrator with reference to the net asset value of the investment funds.

The financial assets at FVTPL were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	1,499	1,397
USD	1,616	1,565
GBP	1,618	1,630
	4,733	4,592

24 BANK DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash at banks	153,847	235,317
Cash on hand	6	9
Cash and cash equivalents	153,853	235,326
Bank deposits with maturity over three months from the date of origination	22,245	–
	176,098	235,326
Maximum exposure to credit risk	176,092	235,317

The carrying amounts of cash and cash equivalents and bank deposits with maturity over three months were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	142,862	221,099
USD	32,945	14,042
GBP	291	185
	176,098	235,326

See Note 21 for the accounting policies in relation to impairment of investments and other financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE CAPITAL

	Number of ordinary shares (thousand)	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	200,000,000	2,000,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	419,818	4,198

26 CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advances from customers of civil engineering works	22,051	28,229

The Group classifies these contract liabilities as current because the Group expects to recognise these balances as revenue in its normal operating cycle.

Revenue recognition in relation to contract liabilities

The following table shows how much of the revenue recognised during the years ended 31 March 2024 and 2023 relates to carried-forward contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	14,391	15,165

The carrying amounts of contract liabilities were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	40,353	36,017
Retention payables	32,885	29,939
Other payables and accruals:		
– Accrued wages and other staff benefits	8,709	7,495
– Accrued operating expenses	1,385	3,062
– Others (Note)	4,830	11,221
	88,162	87,734

Note: Others mainly include accrued audit fee, provision of late charges for project and temporary receipt.

The credit period on trade purchases is 30 to 60 days.

The ageing analysis of the trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	24,236	21,668
31–60 days	12,515	11,922
61–90 days	380	2,072
Over 90 days	3,222	355
	40,353	36,017

In the consolidated statement of financial position, retention payables were classified as current liabilities. The ageing analysis of the retention payables based on invoice date was as follows:

	2024 HK\$'000	2023 HK\$'000
Due within one year	18,708	2,147
Due after one year	14,177	27,792
	32,885	29,939

The carrying amounts of trade and other payables approximated their fair values and were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Current		
Bank borrowings which contain a repayment on demand clause	599	2,321

As at 31 March 2024, the bank borrowings were carried at a weighted average rate of 6.3% per annum (2023: 5.1% per annum).

As at 31 March 2024 and 2023, the carrying amounts of borrowings approximated their fair values and were denominated in HK\$.

Borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities.

Based on the scheduled repayment terms set out in the loan agreements and ignoring the effect of any repayment on demand clause, the maturity of borrowings would be as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	599	1,725
Between 1 and 2 years	-	596
	599	2,321

As at 31 March 2024, the Group's total undrawn banking facilities amounted to approximately HK\$20,660,000 (2023: HK\$20,660,000).

As at 31 March 2024 and 2023, banking facilities granted to the Group were secured by corporate guarantees provided by the Company and certain subsidiaries.

One of the Group's banking facilities were subject to fulfillment of covenants relating to the Group's financial ratio, which is commonly found in borrowing arrangement with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 March 2024 and 2023, the Group was in compliance with the covenants relating to drawn down facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax liabilities	1,469	1,345

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2022	1,789	(117)	1,672
(Credit)/charge to profit or loss (Note 11)	(444)	117	(327)
At 31 March 2023 and 1 April 2023	1,345	–	1,345
Charge to profit or loss (Note 11)	124	–	124
At 31 March 2024	1,469	–	1,469

At the end of the reporting period, the Group has unutilised estimated tax losses of approximately HK\$94,342,000 (2023: HK\$41,755,000) available for offset against future profits. As at 31 March 2024 and 2023, no deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

30 SHARE-BASED PAYMENT TRANSACTIONS

The Group adopted a share option scheme on 3 June 2015 (“Share Option Scheme”). The purpose of Share Option Scheme is to provide any directors and full-time employees of any members of the Group, who have contributed or will contribute to the Group (“Participants”), with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a price determined by the Board of Directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, “Offer Date”); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 41,500,000 shares, representing 10% of the total number of shares in issue as at the date the Shares commence trading on the Stock Exchange unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the Board of Directors to the grantee at the time of making an offer.

No options was granted or exercised during the years ended 31 March 2024 and 2023. No share-based payment was recognised during the years ending 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DIVIDEND

During the year, a final dividend of approximately HK\$14,694,000 in relation to the year ended 31 March 2023 was declared and paid (2023: HK\$14,694,000).

The Board does not recommend the payment of any dividend for the year ended 31 March 2024.

32 CASH FLOW INFORMATION

(a) Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations

	2024 HK\$'000	2023 HK\$'000
Operating activities		
(Loss)/profit before income tax	(24,566)	50,972
Adjustments for:		
Depreciation of property, plant and equipment	5,290	6,420
Depreciation of right-of-use assets	4,446	4,438
Loss on disposals of property, plant and equipment	107	29
Gain on early termination of leases	(6)	–
Fair value changes of financial assets at FVTPL, net	(141)	570
Dividend income from financial assets at FVTPL	(317)	(292)
Share of profit of an associate	(20,059)	(13,234)
Interest income	(6,572)	(1,681)
Finance costs	356	413
Operating (loss)/profit before changes in working capital	(41,462)	47,635
Decrease in inventories	2,440	1,404
(Increase)/decrease in trade and other receivables	(14,254)	1,434
Decrease in contract assets	5,257	40,838
(Increase)/decrease in amounts due from joint operations/ an other partner of joint operation	(2,908)	426
Increase in trade and other payables	428	8,970
(Decrease)/increase in contract liabilities	(6,178)	6,137
Increase/(decrease) in amounts due to other partners of joint operations	10,686	(2,196)
Cash (used in)/generated from operations	(45,991)	104,648

(b) Proceeds from disposal of property, plant and equipment

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2024 HK\$'000	2023 HK\$'000
Net book amount disposed (Note 15)	171	47
Loss on disposals of property, plant and equipment (Note 7)	(107)	(29)
Proceeds from disposals of property, plant and equipment	64	18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

	Bank borrowings HK\$'000 (Note 28)	Lease liabilities HK\$'000 (Note 16)	Amounts due to other partners of joint operations (non-trade) HK\$'000 (Note 22(b)(ii))	Total HK\$'000
At 1 April 2022	4,118	15,671	2,563	22,352
Cash flows				
– Repayments of bank borrowings	(1,797)	–	–	(1,797)
– Repayments of principal element of lease liabilities	–	(4,303)	–	(4,303)
– Repayments of interest element of lease liabilities	–	(305)	–	(305)
– Advances from other partners of joint operations	–	–	9,409	9,409
– Repayments to other partners of joint operations	–	–	(9,728)	(9,728)
Other non-cash movements				
– Addition of lease liabilities	–	2,605	–	2,605
– Interest expense on lease liabilities	–	305	–	305
At 31 March 2023	2,321	13,973	2,244	18,538
At 1 April 2023	2,321	13,973	2,244	18,538
Cash flows				
– Repayments of bank borrowings	(1,722)	–	–	(1,722)
– Repayments of principal element of lease liabilities	–	(4,431)	–	(4,431)
– Repayments of interest element of lease liabilities	–	(262)	–	(262)
– Advances from other partners of joint operations	–	–	6,120	6,120
– Repayments to other partners of joint operations	–	–	(7,551)	(7,551)
Other non-cash movements				
– Addition of lease liabilities	–	522	–	522
– Interest expense on lease liabilities	–	262	–	262
– Early termination of leases	–	(177)	–	(177)
– Lease modification	–	(8)	–	(8)
At 31 March 2024	599	9,879	813	11,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 COMMITMENTS

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	–	137

34 PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds (Note 21). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	2024 HK\$'000	2023 HK\$'000
Issued by an insurance institution	3,323	3,323

35 RELATED PARTY DISCLOSURES

(a) Transactions

Saved as disclosed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

Related party	Nature of transaction	2024 HK\$'000	2023 HK\$'000
C & P (Holdings) Hong Kong Limited (Note (i))	Lease payments	1,356	1,373
River King	Management fee income	360	415

Notes:

- (i) C & P (Holdings) Hong Kong Limited is a related company in which a sibling of the executive director and the spouse of an executive director collectively own its entire interest.
- (ii) In the opinion of the directors, these transactions were determined at mutually agreed prices and terms.

(b) Key management personnel compensation

Key management includes directors of the Company and other members of key management was as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	17,963	17,334
Post-employment benefits	90	90
	18,053	17,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of financial position

	At 31 March	
	2024	2023
	HK\$'000	HK\$'000
ASSETS		
Non-current asset		
Investments in subsidiaries	—*	—*
Current assets		
Amounts due from subsidiaries	15,699	11,399
Other debtors	407	132
Bank deposits with maturity over three months	22,245	—
Cash and cash equivalents	184	3,949
	38,535	15,480
Total assets	38,535	15,480
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	4,198	4,198
Share premium and reserves	1,033	1,053
Total equity	5,231	5,251
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	32,831	9,774
Other payables	473	455
Total liabilities	33,304	10,229
Total equity and liabilities	38,535	15,480

* The balance was rounded to the nearest thousand.

The statement of financial position of the Company was approved by the Board of Directors on 26 June 2024 and was signed on its behalf.

LO Yuen Cheong
Director

LO Yick Cheong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(Continued)

Movement in the Company's reserves

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	59,185	(57,578)	1,607
Profit for the year	–	14,140	14,140
Dividend paid	(14,694)	–	(14,694)
At 31 March 2023 and 1 April 2023	44,491	(43,438)	1,053
Profit for the year	–	14,674	14,674
Dividend paid	(14,694)	–	(14,694)
At 31 March 2024	29,797	(28,764)	1,033

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director is set out below:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
For the year ended 31 March 2024					
Executive directors:					
Lo Yuen Cheong	–	4,170	402	–	4,572
Lo Yick Cheong	–	2,923	42	–	2,965
Non-executive director:					
Chan Wai Ying	–	571	137	18	726
Independent non-executive directors:					
Leung Wai Tat Henry	185	–	–	–	185
Lo Man Chi	185	–	–	–	185
Chau Wai Yung	185	–	–	–	185
	555	7,664	581	18	8,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
For the year ended 31 March 2023					
Executive directors:					
Lo Yuen Cheong	–	4,348	394	–	4,742
Lo Yick Cheong	–	2,871	208	–	3,079
Non-executive director:					
Chan Wai Ying	–	544	130	18	692
Independent non-executive directors:					
Leung Wai Tat Henry	184	–	–	–	184
Lo Man Chi	184	–	–	–	184
Chau Wai Yung	184	–	–	–	184
	552	7,763	732	18	9,065

(b) Directors' retirement benefits and termination benefits

None of the directors of the Company received or will receive any retirement benefits or termination benefits for the year ended 31 March 2024 (2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2024, the Company does not pay consideration to third parties for making available directors' service (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 March 2024, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2023: Nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2024 (2023: Nil).

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Man King Holdings Limited and its subsidiaries.

38.1 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

38.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors, who make strategic decisions.

38.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss and other comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

38.4 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.4 Investments and other financial assets *(Continued)*

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt investments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and other comprehensive income and presented in "other gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss and other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and other comprehensive income and presented within "other gains/(losses), net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses), net" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and building	Shorter of the term of the leases or 40 years
Leasehold improvements	Over the term of the leases
Plant and machinery	3 to 5 years
Office equipment	5 years
Motor vehicles	3 to 5 years
Vessels (held by an associate of the Group)	25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income within "other gains/(losses), net".

38.6 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

38.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

38.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out ("FIFO") basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.9 Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

38.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash at bank and deposits held at call with banks with original maturity of three months or less.

38.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

38.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income as finance costs.

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

38.14 Borrowing costs

General and specific 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 expensed in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.15 Current and deferred income tax

The income tax credit or expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

38.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.16 Employee benefits *(Continued)*

(b) Pension obligations

The Group pays contributions to defined contribution plans in Hong Kong. The schemes are generally funded through payments to separate trustee-administered funds, determined by periodic calculations.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

38.17 Share-based payment

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and nonmarket performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

The Group provides for assurance-type warranties in relation to the provision of civil engineering services for general repairs of defects occurring during the warranty period. The assurance-type warrant does not provide incremental service to the customer. Costs incurred to repair of defects are additional costs of providing the initial services. The estimated costs are recorded as a liability when the Group transfers the services to the customer.

38.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

38.20 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

A contract liability the Group's obligation to transfer the promised goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

38.21 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

38.22 (Loss) Earnings per share

(a) Basic (loss) earnings per share

Basic (loss) earnings per share is calculated by dividing:

- the (loss) profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.22 (Loss) Earnings per share *(Continued)*

(b) Diluted (loss) earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic (loss) earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38.23 Dividend income

Dividends are received from financial assets measured at FVTPL. Dividends are recognised as other income in the consolidated statement of profit or loss and other comprehensive income when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

38.24 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based 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 that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.24 Leases *(Continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

38.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

38.26 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

FINANCIAL SUMMARY

RESULTS

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue	231,661	276,552	408,200	452,781	338,486
Operating (loss)/profit	(5,845)	4,402	26,510	38,151	(44,269)
Share of profit of an associate	8,715	13,161	14,756	13,234	20,059
Finance costs	(198)	(97)	(221)	(413)	(356)
(Loss)/profit before tax	2,672	17,466	41,045	50,972	(24,566)
Income tax credit/(expense)	277	(1,722)	(4,123)	(8,837)	1,824
(Loss)/profit for the year	2,949	15,744	36,922	42,135	(22,742)
Other comprehensive (loss)/income	–	(676)	1,232	4,273	(971)
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to owners of the Company	2,949	15,068	38,154	46,408	(23,713)
(Loss)/earnings per share					
Basic and diluted (in HK cents)	0.70	3.75	8.79	10.04	(5.42)

FINANCIAL POSITION

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	297,335	315,843	415,888	461,531	412,770
Total liabilities	58,839	62,279	136,765	150,694	140,340
Total equity	238,496	253,564	279,123	310,837	272,430