

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Wing Lee Development Construction Holdings Limited **榮利營造控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9639)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Wing Lee Development Construction Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”, “**we**”, “**our**” or “**us**”) for the six months ended 30 September 2024 (the “**Reporting Period**”), together with comparative figures for the six months ended 30 September 2023 (the “**Previous Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended		Period- to-period change
	30 September		
	2024	2023	
	<i>HK\$’000</i>	<i>HK\$’000</i>	%
	(Unaudited)	(Unaudited)	
Revenue	400,813	226,481	77
Gross profit	80,278	51,535	56
Operating profit	48,465	40,645	19
Profit before taxation	46,988	39,489	19
Profit for the period	37,541	32,895	14
Earnings per share — Basic and diluted (<i>HK\$</i>)	0.05	0.04	25

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

	Note	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	5	400,813	226,481
Cost of services		<u>(320,535)</u>	<u>(174,946)</u>
Gross profit		80,278	51,535
General and administrative expenses		(20,528)	(11,577)
Reversal of impairment loss/(impairment loss) on financial assets		1,204	(1,056)
Other income		495	1,743
Other gains		172	—
Listing expenses	6	<u>(13,156)</u>	<u>—</u>
Operating profit		48,465	40,645
Finance costs, net	7	<u>(1,477)</u>	<u>(1,156)</u>
Profit before income tax	6	46,988	39,489
Income tax expenses	8	<u>(9,447)</u>	<u>(6,594)</u>
Profit for the period		<u>37,541</u>	<u>32,895</u>
Earnings per share for profit attributable to owners of the Company (HK\$)			
Basic and diluted	10	<u>0.05</u>	<u>0.04</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended	
	30 September	
<i>Note</i>	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	37,541	32,895
Other comprehensive income/(loss):		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Remeasurements of post-employment benefit obligations	129	(14)
Other comprehensive income/(loss) for the period, net of tax	129	(14)
Total comprehensive income for the period	37,670	32,881

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024	31 March 2024
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property and equipment		91,445	85,610
Right-of-use assets		3,102	2,764
Intangible assets		1,620	1,620
Deposits		220	525
Deferred income tax assets		4,572	2,243
		<hr/>	<hr/>
Total non-current assets		100,959	92,762
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		413	469
Trade receivables	11	20,586	48,191
Contract assets	12	241,254	187,895
Deposits, prepayments and other receivables		12,135	9,099
Cash and cash equivalents		32,270	27,361
		<hr/>	<hr/>
Total current assets		306,658	273,015
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		407,617	365,777
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
LIABILITIES			
Non-current liabilities			
Borrowings		6,246	7,959
Lease liabilities		892	813
Deferred tax liabilities		9,240	7,628
Other payable		735	6,727
Provision for long service payment		192	313
		<hr/>	<hr/>
Total non-current liabilities		17,305	23,440
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

		30 September	31 March
		2024	2024
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Current liabilities			
Trade and retention payables	13	88,761	79,419
Contract liabilities	12	—	4,073
Accruals, provision and other payables		63,060	46,548
Amount due to a related party		—	100
Lease liabilities		2,254	1,954
Dividend payable		23,637	—
Borrowings		26,980	42,203
Current tax liabilities		22,558	12,648
		<hr/>	<hr/>
Total current liabilities		227,250	186,945
		<hr/>	<hr/>
Total liabilities		244,555	210,385
		<hr/>	<hr/>
Net assets		163,062	155,392
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	10	—
Combined capital		—	10
Reserves	14	5,018	4,889
Retained earnings		158,034	150,493
		<hr/>	<hr/>
Total equity		163,062	155,392
		<hr/>	<hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2024

1 General Information

Wing Lee Development Construction Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 May 2024 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in large-scale excavation, steel structure support design and construction of underground facilities and construction works, solar system construction and maintenance, road and drainage improvement and construction, underground cable laying and connection project, machinery leasing, and material trading in public and private sector in Hong Kong (the “**Listing Business**”). The ultimate holding company of the Company is Wing Lee Green Development Limited. The ultimate controlling shareholders of the Group are Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 October 2024 (the “**Listing**”) by way of share offer.

The interim condensed consolidated financial information is presented in Hong Kong Dollar (“**HK\$**”), unless otherwise stated. The interim condensed consolidated financial information has been approved for issue by the Board on 29 November 2024.

The interim condensed consolidated financial information for the six months ended 30 September 2024 has not been audited.

2 Reorganisation

In preparing for the Listing, the Group underwent a group reorganisation (the “**Reorganisation**”), pursuant to which the Listing Business were transferred to the Company and the Company became the holding company of the companies now comprising the Group (details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 27 September 2024 (the “**Prospectus**”)).

3 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange the (“**Listing Rules**”). The interim condensed consolidated financial information has been prepared on a historical cost basis.

The interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this should be read in conjunction with the Accountant’s Report set out in Appendix I to the Prospectus.

4 Accounting Policies

The accounting policies applied are consistent with those described in the Accountant’s Report set out in Appendix I to the Prospectus except for the estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued with tax rate that would be applicable to expected total annual earnings.

(a) New and amendments to standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

(b) Impact of standards issued but not yet applied by the Group

The following amendments to standards have been issued but are not early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 April 2024
Amendments to HK — Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024
Amendments to HKAS 21	Lack of Exchangeability	1 April 2025
Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will apply the above new standards and amendments to existing standards and interpretation when they become effective.

The above new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact in the Group in the current or future reporting periods and on foreseeable future transactions.

5 Revenue and segment information

Revenue

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Civil engineering	303,812	143,897
Electrical cable engineering	80,728	58,904
Solar PV system	9,923	22,529
Others		
— Sales of materials	1,000	516
— Leasing of machinery	5,350	635
	<u>400,813</u>	<u>226,481</u>

Segment information

The chief operating decision-maker (“**CODM**”) has been identified as the Chairperson and Chief Executive Officer Mr. Yiu Wang Lee and the Executive Director Mr. Chan Lo Man of the Company. The CODM regards the Group’s business as three main business segments, namely (i) civil engineering; (ii) electrical cable engineering; and (iii) solar PV system and review the financial information accordingly.

- (i) Civil engineering — principally engaged in civil engineering works which we specialise in site formation works and road and drainage works. Our site formation works generally include earthworks, excavation and installation of steel structures. Our road and drainage works mainly included construction and modification of roads, carriageway and pavement, construction of covered walkway, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage system, manholes, cable trenches and installation of water mains and sewerage pipes;
- (ii) Electrical cable engineering — principally engaged in electrical cable engineering works which generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair; and
- (iii) Solar PV system — principally engaged in design, installation and maintenance works of solar PV system works.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that other income, other gains, finance income, finance costs, impairment loss on financial assets as well as the head office and corporate general and administrative expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the above segments is reported below.

(a) Segment revenue and results

	Six months ended 30 September 2024 (Unaudited)				
	Civil	Electrical	Solar PV	Others	Total
	engineering	engineering	system	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>303,812</u>	<u>80,728</u>	<u>9,923</u>	<u>6,350</u>	<u>400,813</u>
Timing of revenue recognition					
— At a point in time	—	—	—	1,000	1,000
— Over time	<u>303,812</u>	<u>80,728</u>	<u>9,923</u>	<u>5,350</u>	<u>399,813</u>
	<u>303,812</u>	<u>80,728</u>	<u>9,923</u>	<u>6,350</u>	<u>400,813</u>
Segment profit	<u>48,129</u>	<u>23,734</u>	<u>2,986</u>	<u>5,429</u>	<u>80,278</u>

Six months ended 30 September 2023 (Unaudited)

	Civil engineering <i>HK\$'000</i>	Electrical cable engineering <i>HK\$'000</i>	Solar PV system <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>143,897</u>	<u>58,904</u>	<u>22,529</u>	<u>1,151</u>	<u>226,481</u>
Timing of revenue recognition					
— At a point in time	—	—	—	516	516
— Over time	<u>143,897</u>	<u>58,904</u>	<u>22,529</u>	<u>635</u>	<u>225,965</u>
	<u>143,897</u>	<u>58,904</u>	<u>22,529</u>	<u>1,151</u>	<u>226,481</u>
Segment profit	<u>25,958</u>	<u>19,635</u>	<u>5,293</u>	<u>649</u>	<u>51,535</u>

The Group is located in Hong Kong. All revenue are derived from external customers in Hong Kong for the six months ended 30 September 2024 and 2023.

(b) Reconciliation of reportable segment profit to the consolidated profit for the period

A reconciliation of segment profit to profit for the period is provided as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment profit	80,278	51,535
Unallocated amounts:		
General and administrative expenses	(20,528)	(11,577)
Reversal of impairment loss/(impairment loss) on financial assets	1,204	(1,056)
Listing expenses	(13,156)	—
Other income	495	1,743
Other gains	172	—
Finance costs, net	(1,477)	(1,156)
Income tax expenses	(9,447)	(6,594)
Profit for the period	<u>37,541</u>	<u>32,895</u>

(c) Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

6 Expenses by nature

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration)	79,602	55,373
Depreciation of property and equipment	7,873	6,275
Depreciation of right-of-use assets	1,392	1,223
Donation	3,180	172
Expense relating to other short-term leases	1,398	1,999
Listing expenses	13,156	—
	<u>13,156</u>	<u>—</u>

7 Finance costs, net

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income:		
— Interest income from bank deposits	33	—*
Finance costs:		
— Interest expense on bank loans	(1,334)	(847)
— Interest expense on lease liabilities	(23)	(42)
— Interest expense on hire purchases	(153)	(267)
	<u>(1,510)</u>	<u>(1,156)</u>
Finance costs, net	<u>(1,477)</u>	<u>(1,156)</u>

* The amount is less than HK\$1,000.

8 Income tax expenses

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	10,164	5,581
Deferred income tax	(717)	1,013
Income tax expenses	<u>9,447</u>	<u>6,594</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the group companies incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax.

Other group companies are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the period, except for one entity that is qualified under the two-tiered profits tax regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

9 Dividend

In September 2024, prior to the Listing, the Company declared an interim dividend of approximately HK\$30,000,000, of which approximately HK\$23,637,000 was settled by cash subsequent to the end of the Reporting Period and approximately HK\$6,363,000 was offset against the aggregate amounts due from the Directors. Other than the above, the Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024.

During the six months ended 30 September 2023 and prior to the Reorganisation, no dividend was declared and settled by a subsidiary of the Company to its then shareholders.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of the shares in connection with the Reorganisation completed on 26 June 2024 and the capitalisation issue of ordinary shares which took place on 9 October 2024, respectively.

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company during the periods (HK\$'000)	37,541	32,895
Weighted average number of ordinary shares in issue ('000)	750,000	749,999
Basic earnings per share (HK\$)	<u>0.05</u>	<u>0.04</u>

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 September 2024. Accordingly, diluted earnings per share is the same as the basic earnings per share.

11 Trade receivables

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Current assets, gross		
Trade receivables	24,899	53,279
Less: provision for impairment	<u>(4,313)</u>	<u>(5,088)</u>
Trade receivables, net	<u>20,586</u>	<u>48,191</u>

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	12,630	39,598
31–60 days	—	2,593
61–90 days	—	—
91–180 days	—	1,274
Over 180 days	12,269	9,814
	<u>24,899</u>	<u>53,279</u>

The credit terms provided to customers range from 7 days to 60 days. The Group's trade receivables are denominated in HK\$.

The carrying amounts of trade receivables approximate to their fair values.

12 Contract assets and contract liabilities

Included in contract assets/(liabilities) are the following:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Contract assets		
Unbilled revenue	212,425	178,843
Billed retention receivables	35,855	16,506
	<u>248,280</u>	<u>195,349</u>
Total contract assets	248,280	195,349
Less: provision for impairment		
— Unbilled revenue	(6,125)	(7,158)
— Billed retention receivables	(901)	(296)
	<u>241,254</u>	<u>187,895</u>
Contract assets, net	<u>241,254</u>	<u>187,895</u>
Contract liabilities	<u>—</u>	<u>(4,073)</u>

13 Trade and retention payables

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	78,677	72,576
Retention payables	10,084	6,843
	<u>88,761</u>	<u>79,419</u>

The trade and retention payables are denominated in HK\$ and the carrying amounts approximate their fair values.

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

Trade payables

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	45,181	32,370
31–60 days	10,373	11,782
61–90 days	8,787	3,725
Over 90 days	14,336	24,699
	<u>78,677</u>	<u>72,576</u>

Retention payables

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one year	<u>10,084</u>	<u>6,843</u>

14 Share capital and reserves

(a) Share capital

	Number of shares	Share capital <i>HK\$</i>
Authorised:		
At 17 May 2024 (Date of incorporation)	38,000,000	380,000
Changes	<u>1,462,000,000</u>	<u>14,620,000</u>
At 30 September 2024	<u><u>1,500,000,000</u></u>	<u><u>15,000,000</u></u>
Issued:		
At 17 May 2024 (Date of incorporation)	1	—
Share issued pursuant to the Reorganisation	<u>999</u>	<u>10</u>
At 30 September 2024	<u><u>1,000</u></u>	<u><u>10</u></u>

The Company was incorporated on 17 May 2024 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

Pursuant to the written resolutions of the then Shareholders dated 20 September 2024, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$15,000,000 divided into 1,500,000,000 shares of par value of HK\$0.01 each by the creation of an additional 1,462,000,000 shares of par value of HK\$0.01 each.

(i) *Capitalisation issue*

On 9 October 2024, the capitalisation issue pursuant to the written resolutions of the then Shareholders dated 20 September 2024 was effected. The Company issued 749,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 9 October 2024, by way of capitalisation of an amount of HK\$7,499,990 to the credit of the share premium account of the Company.

(ii) Share offer

On 9 October 2024, the Company issued a total of 250,000,000 shares by way of share offer (the “**Share Offer**”) at an offer price of HK\$0.73 each and successfully listed its shares on the Main Board of the Stock Exchange. The net proceeds after deducting underwriting fees and related expenses amounted to approximately HK\$149,300,000.

(b) Other reserves

The other reserves of the Group mainly represented the combined capital reserve of the companies now comprising the Group, after elimination of intercompany transactions and balances.

15 Events after the reporting period

On 25 November 2024, the Group entered into the preliminary sale and purchase agreement for the property at the consideration of HK\$43,360,800. Details of the preliminary sale and purchase agreement, please refer to the announcements of the Company dated 25 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. The Group's civil engineering works specialise in site formation works and road and drainage works, and its electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, the Group specialises in design, installation and maintenance works of solar PV systems. To a lesser extent, the Group leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis.

During the Reporting Period, the Group's revenue was mainly derived from the provision of civil engineering and electrical cable engineering works.

As at 30 September 2024, the Group had 25 projects (31 March 2024: 24 projects) on hand with backlog value of approximately HK\$746.6 million (31 March 2024: approximately HK\$707.6 million).

Civil Engineering

The Group's site formation works generally include earthworks, excavation and installation of steel structures, and its road and drainage works generally include construction and modification of roads, carriageway and pavement, construction of covered walkways, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage systems, manholes, cable trenches and installation of water mains and sewerage pipes.

During the Reporting Period, (i) for site formation works, the Group was one of the subcontractors participating in the infrastructure project at the third runway of the Hong Kong International Airport (the "**Third Runway Projects**"); and (ii) for road and drainage works, the Group were the main contractor of a Government department for a village sewerage project at Mui Wo with a contract sum of approximately HK\$99.1 million.

During the Reporting Period, the Group recorded a revenue of approximately HK\$304.3 million, representing an increase of approximately HK\$160.4 million or 111% from Previous Period.

The Third Runway Projects have been a main driver of our revenue which contributed revenue of approximately HK\$266.0 million, representing 87.4% of our revenue from civil engineering works. Currently, the Third Runway Projects are expected to complete by mid-2025. In May 2024, the Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling the Group to bid for tender projects as main contractors. Upon the expected completion of the Third Runway Projects in mid-2025, the Group will also be eligible to submit tenders for various maintenance and upkeep works at the Hong Kong International Airport.

Through the efforts of our dedicated management team to respond to tender invitations from customers, the Group was awarded the following tenders during the Reporting Period:

- (i) a resident development located at Sung Wong Toi with an estimated contract sum of approximately HK\$266.4 million; and
- (ii) a public facilities development at Sha Tin with an estimated contract sum of approximately HK\$42.0 million.

Electrical Cable Engineering

The Group's electrical cable engineering works generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair.

During the Reporting Period, the Group recorded a revenue of approximately HK\$80.7 million, representing an increase of approximately HK\$21.8 million or 37% from Previous Period. According to the industry report prepared by Frost & Sullivan, an independent market research agency as described in the section headed "Industry Overview" in the Prospectus (the "**Industry Report**"), the Group was the largest power cabling and civil pipeline installation subcontractor in Hong Kong in 2023. The Group strives to maintain its leadership in this field, and aims to continuously build up a substantial market share and solid reputation among prestigious customers.

Subsequent to the end of the Reporting Period, the Group has recently further been awarded an 8-year electrical cable engineering contract for the transmission cable trenching and laying works in Kowloon and the New Territories. Total contract sum (including all contingent and/or provisional contract amounts) is expected to be more than HK\$1 billion, subject to measurement based on the actual workdone. The project is expected to be completed in the second half of 2032.

OUTLOOK

Civil Engineering

According to the Industry Report, the rollout and commencement of projects such as Kwu Tung North and Fanling North (FLN) New Development Area (NDA), Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision, Tung Chung New Town Extension in the coming few years, shall sustain demand for civil engineering works, the gross value of civil engineering works in Hong Kong is expected to increase at a compound annual growth rate (“CAGR”) of 3.5% during 2024 to 2028. The Northern Metropolis development will have a significant impact on the civil engineering and construction sector in Hong Kong. In particular, the development of the “Northern Metropolis University Town” will require the construction of new campuses and facilities, with the government reserving more than 60 hectares of land in Hung Shui Kiu/Ha Tsuen, Ngau Tam Mei, and New Territories North New Town for this purpose.

Going forward, the Group will continue to (i) proactively monitor the projects’ progress, and communicate with the suppliers and subcontractors; (ii) maintain close communication with the customers and the other representatives of the project owners on the latest project works schedules and arrangements; (iii) proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tenders and quotation invitations to expand our presence in the market; and (iv) implement effective cost control measures.

Electrical Cable Engineering

According to the Industry Report, the market size of overall electrical works is projected to further climb to HK\$26.5 billion by 2028, maintaining a CAGR of around 3.9% between 2024 and 2028. The newly awarded 8-year contract electrical cable engineering contract for the transmission cable trenching and laying works in Kowloon and the New Territories will be the main driver of the Group’s revenue growth for electrical cable engineering.

The Group will continue to leverage on its competitive strengths, track record, diverse experience and expertise, as well as ability to deliver works on time to gain trust from customers and give the Group a competitive edge when extend/renew existing contracts and tendering for new projects.

The existing and newly awarded fixed-term contracts on hand are expected to ensure sustainable income and cash flow for the Group in the coming years and provide a cushion to navigate challenges arising from uncertain economic environment and increasing competition in the local construction industry.

Safety and environmental responsibilities

The Group understands that employees are the Group's most valuable asset. The Group embraces a people-oriented management philosophy, and is committed to creating a respectful, inclusive, diverse, safe and healthy work environment. The Directors believe that only in such a supportive environment can employees achieve their full potential and contribute to the continued success of the Group. The Group will continue to increase its investment in employee training, career development and the work environment to ensure that the Group can attract and retain outstanding talent, and provide employees with ample opportunities for development and broad career prospects.

The Directors are of the view that sustainable construction is the Company's corporate social responsibility and is a megatrend in the construction industry, which aims at reducing construction industry's impacts on environmental, social and economic aspects caused by the construction process. Adhering to its core mission of environmental protection, the Group integrates the concept of sustainable development into every business operation. The Group has not only taken the lead in using electric machinery and equipment, but also actively plan to introduce more new energy equipment in the future, promote the application of the Smart Site Safety System (4S), and develop the solar photovoltaic business. Going forward, the Group will continue to promote its sustainable development philosophy, improve its environmental standards with a view to achieve better environmental protection results in each project, thus creating a win-win situation for both business growth and environmental protection. The Directors are committed to setting a benchmark for environmental standards in the construction industry and creating a greener and more sustainable construction environment for Hong Kong.

Overall

The Directors are of the view that the Listing marks a significant milestone of the Company, providing a strong foundation for its business growth and development. This achievement not only enhances the Group's visibility in the market but also strengthens its capacity to pursue new opportunities. Moving forward, the Group is committed to actively pursuing opportunities to distribute renewable machinery and related components, aligning with its vision of sustainability.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$174.3 million, or 77%, from approximately HK\$226.5 million contributed by 58 projects for the Previous Period to approximately HK\$400.8 million contributed by 44 projects for the Reporting Period, which was mainly due to the increase in average contract size which contributed revenue during the Reporting Period, as compared with the Previous Period.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$28.8 million, or 56% from approximately HK\$51.5 million for the Previous Period to approximately HK\$80.3 million for the Reporting Period. Our gross profit margin decreased from approximately 22.8% for the Previous Period to approximately 20.0% for the Reporting Period. The decrease in gross profit margin was mainly attributable to the increase in the revenue contributed by the projects undertaken by us with relatively low gross profit margin as compared with the overall gross profit margin for the Previous Period.

General and administrative expenses

Our administrative expenses increased by approximately HK\$8.9 million, or approximately 77%, from approximately HK\$11.6 million for the Previous Period to approximately HK\$20.5 million for the Reporting Period. The increase was mainly attributable to the increase in donation and increase in employee benefit expenses and entertainment expenses for business expansion.

Finance costs, net

Our finance costs, net increased by approximately HK\$0.3 million, or 25%, from approximately HK\$1.2 million for the Previous Period to approximately HK\$1.5 million for the Reporting Period. Such increase is mainly due to the increase in bank borrowings to finance the increased scale of business operation and the increase in the finance lease liabilities for leasing of machineries and motor vehicles.

Income tax expense

The effective tax rate for the Reporting Period was approximately 20.1%, which was higher compared to that of 16.7% for the Previous Period. The increase in effective tax rate for the Reporting Period was mainly due to the inclusion of approximately HK\$13.2 million Listing expenses in the Reporting Period which was non-deductible for tax purposes. Excluding these one-off Listing expenses from the profit before income tax, our effective tax rate for the Reporting Period would have been approximately 15.7%.

Profit for the period

The profit for the period increased by approximately HK\$4.6 million, or approximately 14%, from approximately HK\$32.9 million for the Previous Period to approximately HK\$37.5 million for the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through retained profits, borrowings and cash inflows from operating activities.

As at 30 September 2024, the capital structure of the Group consisted of equity of approximately HK\$163.1 million (31 March 2024: HK\$155.4 million), bank borrowings of approximately HK\$33.2 million (31 March 2024: HK\$50.2 million) and lease liabilities of approximately HK\$3.1 million (31 March 2024: HK\$2.8 million). The Company's shares were listed on the Main Board of the Stock Exchange on 9 October 2024. There has been no change in the capital structure of the Company since then.

Cash position and fund available

During the Reporting Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and borrowings. As at 30 September 2024, our cash and cash equivalents were approximately HK\$32.3 million (31 March 2024: HK\$27.4 million).

As at 30 September 2024, the current ratio of the Group was approximately 1.35 times (31 March 2024: 1.46 times).

Gearing ratio

As at 30 September 2024, the Group's gearing ratio was approximately 22.3% (31 March 2024: 34.1%), calculated as the total borrowings and lease liabilities divided by the total equity as at the end of the respective periods.

Net current assets

As at 30 September 2024, the Group had net current assets of HK\$79.4 million (31 March 2024: HK\$86.1 million). There is no material change in the net current assets position during the Reporting Period.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. The Board of Directors is not aware of any liquidity issue that may cast significant doubt on the Group's ability to continue as a going concern.

PLEDGE OF ASSETS

As at 30 September 2024, machineries and motor vehicles with net book value of HK\$17.8 million (31 March 2024: HK\$71.3 million) were pledged as security for the Group's borrowings.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

The Group's capital expenditure for the Reporting Period amounted to approximately HK\$20.3 million (Previous Period: HK\$5.6 million), which was incurred due to the purchase of property and equipment.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus and the acquisition of property disclosed in Events After the Reporting Period, as at the date of this announcement, the Group did not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the holders of the shares of the Company (the “**Shareholders**”) and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its own code of corporate governance. As the shares of the Company (the “**Shares**”) were not yet listed on the Stock Exchange as at 30 September 2024, the CG Code was not applicable to the Company during the Reporting Period. Since the date of listing of the shares of the Company on the Stock Exchange on 9 October 2024 (the “**Listing Date**”) and up to the date of this announcement, the Board is of the view that the Company has complied with all applicable principles and code provisions of the CG Code, except the deviation from code provision C.2.1 of the CG Code as disclosed below.

Code provision C.2.1 of the CG Code stipulates that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Yiu Wang Lee (“**Mr. Yiu**”) is the chairman of the Board and chief executive officer of the Group. Mr. Yiu is primarily responsible for the overall management, formulation of business strategies, project management and day-to-day management of the operations of the Group and is instrumental to our growth and business expansion. In view of Mr. Yiu’s extensive experience of over 26 years in the civil and electrical cable engineering industries, including his personal profile and critical role in the Group and its historical development, our Board considers that vesting the roles of chairman and chief executive officer in the same individual will provide a strong and consistent leadership which is beneficial to the management and performance of the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group and assess whether separation of the roles of chairman and chief executive officer is necessary.

The Board will continue to review its corporate governance structure and practices from time to time to ensure compliance with the CG Code and to maintain a high standard of corporate governance and shall make necessary arrangements as the Board considers appropriate.

Compliance with model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. As the Company’s Shares were not yet listed on the Stock Exchange as at 30 September 2024, the Model Code was not applicable to the Company during the Reporting Period.

Having made specific enquiry of all Directors, each of them has confirmed that he/she complied with the Model Code throughout the period from the Listing Date up to the date of this announcement. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company throughout the period from the Listing Date up to the date of this announcement.

Use of Proceeds from the Share Offer

With the Shares of the Company listed on the Stock Exchange on 9 October 2024, the net proceeds from the Share Offer amounted to approximately HK\$149.3 million, which will be utilised for the purposes as set out in the Prospectus. As of the date of this announcement, there was no change in the intended use of net proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. To the extent that the net proceeds are not immediately applied to the intended use and to the extent permitted by the applicable laws and regulations, the net proceeds are placed into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or applicable laws or regulations in other jurisdictions).

Employee and Remuneration Policy

As at 30 September 2024, the Group had 381 employees (as at 31 March 2024: 344), where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We have also adopted the Share Award Scheme and the Share Option Scheme (together, the “**Share Incentive Schemes**”) (as defined in the Prospectus) to provide incentives or rewards to the eligible participants of the Share Incentive Schemes. The details of the Share Incentive Schemes are set out in the Prospectus. Since the adoption of the Share Incentive Schemes until the date of this announcement, no share option or Share has been granted, exercised, cancelled or expired under the Share Incentive Schemes.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately HK\$79.6 million (for the same period in 2023: HK\$55.4 million).

Purchase, Sale or Redemption of Listed Securities

As the Shares of the Company had not yet been listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the Reporting Period.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises the three independent non-executive directors of the Company, namely Mr. Leung Wai Hung, Mr. Shang Hailong and Mr. Fu He. Mr. Leung Wai Hung is the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the Reporting Period. The Audit Committee has also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company, and the internal control of the Group, with senior management members and the external auditor of the Company.

The unaudited interim condensed consolidated financial information of the Group for the Reporting Period has been reviewed by the Audit Committee and by the Company's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Events After the Reporting Period

On 9 October 2024, as a capitalisation issue for the Listing, the Company issued 749,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 9 October 2024, by way of capitalisation of an amount of HK\$7,499,990 to the credit of the share premium account of the Company.

On 9 October 2024, the Company issued a total of 250,000,000 shares by way of share offer at an offer price of HK\$0.73 each and successfully listed its shares on the Main Board of the Stock Exchange.

On 25 November 2024, a subsidiary of the Company entered into a preliminary sale and purchase agreement to acquire a property at a consideration of HK\$43,360,800 with a view to use that property as the Group's office premises to accommodate more staff to cope with the expansion of business of the Group. For details, please refer to the Company's announcement dated 25 November 2024.

Save as disclosed in this announcement, there were no other significant events which occurred subsequent to 30 September 2024 and up to the date of this announcement.

Publication of Interim Results and Interim Report

This interim results announcement is published on the Company's website (www.winglee.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

The 2024 interim report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and despatched to the Shareholders of the Company (if requested) in due course.

By order of the Board
Wing Lee Development Construction Holdings Limited
Yiu Wang Lee
Chairman and Executive Director

Hong Kong, 29 November 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Yiu Wang Lee, Mr. Yiu Wang Lung, Mr. Chan Lo Man and Ms. Tse Ka Wing as executive directors; and Mr. Shang Hailong, Mr. Fu He and Mr. Leung Wai Hung as independent non-executive directors.