

LANDRICH HOLDING LIMITED 譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2132



2024

ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Tsui Kai Kwong (*Chairman*)
Mr. Tsui Tsz Yeung Ian (*Chief Executive Officer*)
Ms. Tsui Wai Yeung Janis

Independent Non-executive Directors

Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Kwong Ping Man

Board Committees

Audit Committee

Mr. Lee Kin Kee (*Chairman*)
Mr. Lee Yan Kit
Mr. Kwong Ping Man

Remuneration Committee

Mr. Lee Yan Kit (*Chairman*)
Mr. Lee Kin Kee
Mr. Kwong Ping Man
Mr. Tsui Kai Kwong

Nomination Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Tsui Kai Kwong

Company Secretary

Ms. Ng Hoi Ying

Authorised Representatives

Mr. Tsui Kai Kwong
Ms. Ng Hoi Ying

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Compliance Adviser

Frontpage Capital Limited
26th Floor
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Registered Office in the Cayman Islands

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

Headquarters and Principal Place of Business in Hong Kong

Unit 6, 18th Floor
Fortune Commercial Building
362 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

CORPORATE INFORMATION

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Share Registrar and Transfer Office in Hong Kong

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

Principal Banks

Bank of Communications (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank

Company's Website

www.landrich.com.hk

Stock Code

2132

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Landrich Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present to our shareholders the annual report of the Group for the year ended 31 March 2024.

FINANCIAL RESULTS

For the year ended 31 March 2024, the Group recorded a total revenue of approximately HK\$1,366.9 million, representing an increase of approximately 42.9% as compared to approximately HK\$956.5 million for the year ended 31 March 2023. The Group's gross profit increased by approximately 13.3% from approximately HK\$71.6 million for the year ended 31 March 2023 to approximately HK\$81.1 million for the year ended 31 March 2024. The gross profit margin decreased by approximately 1.6 percentage points to approximately 5.9% for the year ended 31 March 2024 as compared to approximately 7.5% for the year ended 31 March 2023. Such decrease was primarily due to the increasing works from several construction projects, which were expected to have lower gross profit margins, for the year ended 31 March 2024. The Group has recorded a net profit of approximately HK\$26.1 million for the year ended 31 March 2024, representing a decrease of approximately 20.4% as compared to approximately HK\$32.8 million for the year ended 31 March 2023.

DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2024 (2023: Nil).

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, the Directors consider that the future opportunities and challenges encountered by the Group will continue to depend on the demand of construction engineering works, the expansion of the infrastructure in Hong Kong and changes in material costs and labour costs. In the meantime, the Hong Kong Special Administrative Region (“SAR”) Government has launched a number of development plans and increase its infrastructure investment, including the Northern Metropolis development to actively promote economic growth. The Directors therefore expect that these development will provide tremendous market opportunities for the construction industry in Hong Kong over the next few years and benefit our Group. In addition, the Directors are of the view that since the projects of the Group are mainly in cooperation with leading construction contractors and the Government departments in Hong Kong, the settlement of progress payments are generally considered as highly stable and efficient.

With the Group’s experienced management team and reputation in the construction industry, the Directors are of the view that the current priority should be to strengthen its position in the market and maintain existing business relationships with its customers, as well as to focus on completing the existing civil engineering projects and actively tendering on Government Projects, hence, to achieve sustainable business growth to bring long-term benefits to our shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our shareholders, customers, suppliers and subcontractors for their continuous support and trust. I would also like to extend my heartfelt appreciation to all our management and staff members for their value and dedication bring to the Group throughout the years.

Tsui Kai Kwong

Chairman and Executive Director

Hong Kong, 21 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has more than 29 years of solid track record in the construction industry in Hong Kong. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works.

As at 31 March 2024, the Group had 27 construction projects on hand with a total outstanding contract value of approximately HK\$1,343.0 million. As at 31 March 2023, the Group had 31 construction projects on hand with a total outstanding contract value of approximately HK\$1,657.0 million. With the projects on hand, it is expected that the performance of the construction works will remain steady for the coming years.

OUTLOOK

Along with the relaxation of COVID-19 control measures and economic recovery measures, the construction industry in Hong Kong has shown sign of recovery. The operation of the Group gradually resumed to normal and the overall demand for its construction engineering works increased for the year ended 31 March 2024, as compared to the previous year. Nevertheless, under the atmosphere of continuous increase of construction cost, profit margin is reducing and the operating environments is becoming more difficult. While the situation is dynamically evolving, the Group will continue to (i) proactively monitor the development of 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 maintain the market competitiveness; and (iv) implement effective cost control measures.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$410.4 million, or 42.9%, from approximately HK\$956.5 million for the year ended 31 March 2023 to approximately HK\$1,366.9 million for the year ended 31 March 2024. The increase in the Group's revenue was primarily driven by the substantial amount of works undertaken in several scalable projects during the year ended 31 March 2024.

Direct costs

Direct costs increased by approximately HK\$401.0 million, or 45.3%, from approximately HK\$884.9 million for the year ended 31 March 2023 to approximately HK\$1,285.9 million for the year ended 31 March 2024. Such increase was mainly driven by the corresponding increase in revenue for the year ended 31 March 2024.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$9.5 million, or 13.3%, from approximately HK\$71.6 million for the year ended 31 March 2023 to approximately HK\$81.1 million for the year ended 31 March 2024. The gross profit margin decreased by approximately 1.6 percentage points to approximately 5.9% for the year ended 31 March 2024 as compared to approximately 7.5% for the corresponding period in 2023. The decrease of the gross profit margin was mainly due to the increasing works from several construction projects, which were expected to have lower gross profit margins, for the year ended 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, other gains and losses

Other income, other gains and losses decreased by approximately HK\$19.1 million from a gain of approximately HK\$7.7 million for the year ended 31 March 2023 to a loss of approximately HK\$11.4 million for the year ended 31 March 2024, mainly due to (i) the one-off subsidies of approximately HK\$7.2 million received from the Employment Support Scheme granted by the Hong Kong SAR Government in response to the outbreak of the COVID-19 during the year ended 31 March 2023 which was absent for the year ended 31 March 2024; and (ii) the fair value loss on financial assets at fair value through profit or loss of approximately HK\$14.1 million for the year ended 31 March 2024.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK\$4.5 million, or 11.5% from approximately HK\$39.2 million for the year ended 31 March 2023 to approximately HK\$34.7 million for the year ended 31 March 2024. Such decrease was primarily due to the decrease in impairment loss allowance on trade receivables and contract assets, net of reversal.

Income tax expense

Income tax expense increased from approximately HK\$5.6 million for the year ended 31 March 2023 to approximately HK\$7.6 million for the year ended 31 March 2024.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit for the year decreased by approximately HK\$6.7 million, or 20.4%, from approximately HK\$32.8 million for the year ended 31 March 2023 to approximately HK\$26.1 million for the year ended 31 March 2024. The net profit margin for the years ended 31 March 2024 and 2023 were approximately 1.9% and 3.4%, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company (the “Shares”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 October 2020 (the “Listing Date”) (the “Listing”). There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group’s operation and investments were financed principally by cash generated from its business operations.

As at 31 March 2024, the Group had net current assets of approximately HK\$297.8 million (31 March 2023: approximately HK\$264.1 million) and bank balances and cash of approximately HK\$131.4 million (31 March 2023: approximately HK\$160.1 million), which were denominated in Hong Kong dollars.

As at 31 March 2024, the Group’s total equity attributable to owners of the Company amounted to approximately HK\$315.0 million (31 March 2023: approximately HK\$288.7 million). The Group’s total debt comprising interest-bearing bank loans and bank overdrafts amounted to approximately HK\$19.6 million (31 March 2023: approximately HK\$28.0 million), which were denominated in Hong Kong dollars. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL EXPENDITURE

During the year ended 31 March 2024, the Group invested approximately HK\$1.6 million (31 March 2023: approximately HK\$4.0 million) on the acquisition of property, plant and equipment and additions of approximately HK\$5.2 million (31 March 2023: approximately HK\$3.0 million) motor vehicles under right-of-use assets. Capital expenditure was principally funded by internal resources and proceeds received from the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

CHARGES ON GROUP ASSETS

As at 31 March 2024, the Group did not have any bank deposits (31 March 2023: approximately HK\$3.4 million) pledged to the banks to secure certain bank facilities of the Group.

As at 31 March 2024, lease liabilities of approximately HK\$4.0 million (31 March 2023: approximately HK\$3.8 million) are secured by the Group's motor vehicles with carrying amount of approximately HK\$4.7 million (31 March 2023: approximately HK\$5.8 million).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 March 2024, certain joint operations which the Group had interests in, subscribed unlisted investment fund outside Hong Kong. As at 31 March 2024, the fair value of the unlisted investment fund amounted to approximately HK\$13.7 million (31 March 2023: approximately HK\$27.8 million). Details of the investment are set out in notes 16 and 33 to the consolidated financial statements in this annual report.

Save as disclosed above, during the year ended 31 March 2024, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 31 March 2024.

CAPITAL COMMITMENTS

The Group had approximately HK\$3.3 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 31 March 2024 (31 March 2023: approximately HK\$2.8 million).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. The board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

GEARING RATIO

As at 31 March 2024, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank loans and bank overdrafts) divided by total equity, was approximately 6.2% (31 March 2023: approximately 9.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment namely the provision of construction engineering works services and the Group had no geographical segment information presented as at 31 March 2024.

EVENT AFTER THE REPORTING PERIOD

On 3 May 2024, Time Concept Construction Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Fame Most Limited, a company indirectly wholly-owned by Mr. Tsui Kai Kwong, in relation to the acquisition of the property situated at Unit No.07 on the 19th floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, at a consideration of HK\$6,110,000. For more details, please refer to the announcements of the Company dated 3 May 2024 and 13 May 2024.

Save as otherwise disclosed in this annual report, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 31 March 2024 and up to the date of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2024 (31 March 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 412 employees (31 March 2023: 356 employees). Total staff costs for the year ended 31 March 2024 amounted to approximately HK\$214.4 million (31 March 2023: approximately HK\$180.5 million). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe that the more significant risks relating to the business are as follows:

- the Group's business is non-recurring in nature and are subject to the risks associated with competitive tendering process;
- bear responsibilities for any non-performance, delayed performance, substandard performance or non-compliance of the subcontractors;
- price is determined based on the estimated time and costs involved, and the actual time and costs incurred may exceed the estimations due to unexpected circumstances, thereby adversely affect the operations and financial results of the Group;
- in case of any accidents to occur causing injury to the Group's or the subcontractors' employees, the Group's financial performance and business prospect may be adversely affected by such injury claims and litigations;
- depend on the expertise and continuing performance of our key management personnel and there is no assurance that the Group can hire and retain them; and
- exposure to certain types of liabilities which the Group's insurance coverage generally does not include.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business strategies as set out in the prospectus of the Company dated 30 September 2020 (the "Prospectus") with actual business progress up to 31 March 2024.

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2024	Actual business progress up to 31 March 2024
Finance the Group's existing main contractor projects	– Finance the working capital requirement for the Group's three existing projects	The funding costs for the Group's three civil engineering projects at Kwu Tung North; Tsui Ping River; and Kwun Tong and the funding costs had been fully utilised.
Acquire machinery and equipment	– Acquire two truck mounted concrete pumps, two mobile cranes, two excavators and two crane lorries	The Group has acquired certain machineries and equipment and the funding costs had been fully utilised.
Strengthen the Group's manpower	– Recruit one senior project manager, two site agents, two site engineers, one safety and environmental officer, two safety supervisors, one project director, two administration managers, two purchase and plant controllers, one accounting manager and one estimator	The Group has recruited certain project management team members accordingly. The funding costs for the Group's manpower had been fully utilised.
Upgrade the Group's enterprise information system	– Upgrade existing accounting and administration management system – Upgrade management information system – Apply cloud storage function	The Group has acquired certain new hardware and software for system upgrades. The Group has acquired certain software for the system upgrades and the funding costs had been fully utilised. The Group has applied the cloud storage function.
Enhance the Group's innovation and productivity	– Adopt building information modelling technology	The funding costs for building information modelling technology had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Listing amounted to approximately HK\$57.8 million after deduction of related underwriting commission and expenses in connection with the share offer incurred by the Company for the Listing (the “**Net Proceeds**”).

The below table sets out the proposed and actual applications of the Net Proceeds from the Listing Date to 31 March 2024:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$' million</i>	Actual use of Net Proceeds from the Listing Date to 31 March 2024 <i>HK\$' million</i>	Unutilised Net Proceeds brought forward as at 1 April 2023 <i>HK\$' million</i>	Net Proceeds utilised during the year ended 31 March 2024 <i>HK\$' million</i>	Unutilised balance of Net Proceeds as at 31 March 2024 <i>HK\$' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Finance the Group's existing main contractor projects	23.2	23.2	–	–	–	N/A
Acquire machinery and equipment	17.9	17.9	–	–	–	N/A
Strengthen the Group's manpower	11.4	11.4	–	–	–	N/A
Upgrade the Group's enterprise information system	2.4	2.4	1.5	1.5	–	N/A
Enhance the Group's innovation and productivity	0.9	0.9	–	–	–	N/A
General working capital	2.0	2.0	–	–	–	N/A
Total	<u>57.8</u>	<u>57.8</u>	<u>1.5</u>	<u>1.5</u>	<u>–</u>	

For upgrading the Group's enterprise information system, the Group acquired certain software for the system upgrades for the year ended 31 March 2024.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024.

Principal Activities

The Company is an investment holding company. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works. Details of the principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during the year.

Dividend Policy

The Company adopted a general dividend policy (the "**Dividend Policy**") on 21 September 2020.

According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each member of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;

DIRECTORS' REPORT

- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis.

In addition to cash, dividends may be distributed in the form of shares subject to and in accordance with the procedures set out in the Company's memorandum and articles of association.

Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

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

Results and Dividends

The results of the Group for the year ended 31 March 2024 and the state of affairs of the Company and of the Group as of 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income, Note 36 to the consolidated financial statements, and the consolidated statement of financial position, respectively.

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2024 (2023: Nil).

DIRECTORS' REPORT

Closure of the Register of Members

The forthcoming annual general meeting is scheduled to be held on Friday, 6 September 2024 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 3 September 2024 to Friday, 6 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 September 2024.

Business Review

The review of the business of the Group during the year ended 31 March 2024 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 33 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 March 2024 and up to the date of this annual report.

Summary of Financial Information

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2024 are set out in Note 14 to the consolidated financial statements of this annual report.

Donation

Charitable donations made by the Group during the year ended 31 March 2024 amounted to approximately HK\$30,000 (31 March 2023: approximately HK\$5,000).

Share Capital

Details of the Company's share capital is set out in Note 25 to the consolidated financial statements of this annual report.

DIRECTORS' REPORT

Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 21 September 2020. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), Director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe for shares of the Company. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue as at the date of approval of the Share Option Scheme and any other share schemes of the Company (the "**Scheme Mandate Limit**"). The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Company's shareholders in a general meeting provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the Scheme Mandate Limit being exceeded.

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

DIRECTORS' REPORT

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive Directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders of the Company in general meeting in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The Share Option Scheme will remain in force for a period of ten years commencing on 21 September 2020 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

During the year ended 31 March 2024, no share option was granted, exercised, cancelled, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Share Award Scheme

The Share Award Scheme was conditionally adopted on 22 November 2021. The purpose and the objective of the Share Award Scheme are (i) to recognise the contributions by certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Share Award Scheme shall commence on 22 November 2021 and terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any selected employee of the Group (the "**Trust Period**").

Upon termination of the Share Award Scheme, (i) no further grant of awarded shares may be made under the Share Award Scheme; (ii) all the awarded shares granted under the Share Award Scheme shall continue to be held by the trustee and become vested in the selected employees of the Group according to the conditions of the share awards; and (iii) upon expiration of the Trust Period, all Shares (except for any awarded shares subject to vesting on the selected employees) remaining in the trust fund shall be sold by the trustee and all net proceeds and such other funds and properties remaining in the trust fund managed by the trustee (after deducting the relevant expenses) shall be remitted to the Company.

DIRECTORS' REPORT

The Board shall not make any further award which will result in the nominal value of the Shares awarded by the Board pursuant to the Scheme exceeding 10% of the issued Shares from time to time. The maximum number of Shares which may be awarded to a selected employee of the Group under the Share Award Scheme shall not exceed 1% of the issued Shares from time to time and shall be subject to any other requirement of the Listing Rules. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected persons of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions to the vesting of the awarded shares on such selected employee, the respective awarded shares held by the trustee on behalf of the selected employee shall vest in such selected employee pursuant to the rules of the Share Award Scheme. The Board shall be at liberty to waive the fulfilment of any vesting conditions.

The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust (if any) (including but not limited to the awarded Shares, the vesting Shares, any bonus Shares and scrip Shares derived therefrom).

The total number of awards available for grant under the scheme mandate of the Share Award Scheme as at 1 April 2023 and 31 March 2024 were 151,440,000 and 151,440,000 respectively. As at 31 March 2024, there was no Shares available for issue under the Share Award Scheme (31 March 2023: represented approximately 9.5% of the issued Shares as at the date of this annual report).

As at the date of this annual report, the Share Award Scheme had a remaining life of approximately seven years.

During the year ended 31 March 2024, the Share Award Scheme was amended to the effect that the Trustee is only allowed to purchase existing Shares on the Stock Exchange to satisfy awards granted under the Share Award Scheme, such that the Share Award Scheme would become a share scheme that is funded only by existing Shares. As all of the awarded Shares were or will be satisfied with the existing issued Shares acquired by the Trustee on the Stock Exchange, no Shares may be issued in respect of awards granted under all schemes of the Company during the years ended 31 March 2023 and 2024.

DIRECTORS' REPORT

Details and movements of the awarded Shares under the Share Award Scheme during the year ended 31 March 2024 are as follow:

Selected Participants	Date of Grant	Vesting Period	Number of awarded Shares				
			Unvested as at 1 April 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 March 2024
Five highest paid employees	24 June 2022	1 August 2022 to 31 July 2025	280,000	-	(84,000)	-	196,000
Other employee participants	24 June 2022	1 August 2022 to 31 July 2025	2,180,000	-	(612,000)	(196,000)	1,372,000
		1 August 2023 to 31 July 2025	<u>620,000</u>	<u>-</u>	<u>(186,000)</u>	<u>(56,000)</u>	<u>378,000</u>
Total			<u>3,080,000</u>	<u>-</u>	<u>(882,000)</u>	<u>(252,000)</u>	<u>1,946,000</u>

Details and movements of the awarded Shares under the Share Award Scheme during the year ended 31 March 2023 are as follow:

Selected Participants	Date of Grant	Vesting Period	Number of awarded Shares				
			Unvested as at 1 April 2022	Granted during the year ended 31 March 2023	Vested during the year ended 31 March 2023	Lapsed/ cancelled during the year ended 31 March 2023	Unvested as at 31 March 2023
Five highest paid employees	24 June 2022	1 August 2022 to 31 July 2025	-	1,680,000	(1,400,000)	-	280,000
Other employee participants	24 June 2022	1 August 2022	-	1,380,000	(1,380,000)	-	-
		1 August 2022 to 31 July 2025	-	4,760,000	(2,580,000)	-	2,180,000
		1 August 2023 to 31 July 2025	<u>-</u>	<u>740,000</u>	<u>-</u>	<u>(120,000)</u>	<u>620,000</u>
Total			<u>-</u>	<u>8,560,000</u>	<u>(5,360,000)</u>	<u>(120,000)</u>	<u>3,080,000</u>

Note 1: All of the awarded Shares set out above were granted to grantees at nil consideration.

Note 2: The closing price of the Shares immediately before the date on which the award Shares were granted during the year ended 31 March 2023 was HK\$0.242. The aggregate fair value of the awarded Shares at the date of grant amounted to approximately HK\$2,106,000. The fair value of the awarded Shares was calculated based on the closing price of the Shares at the grant date.

Note 3: The weighted average closing price of the awarded Shares immediately before the dates on which the awarded Shares were vested during the year ended 31 March 2024 was HK\$0.420 (31 March 2023: HK\$0.210).

Note 4: All of the awarded Shares set out above were made without any performance targets.

DIRECTORS' REPORT

Reserves

Details of movements in the reserves of the Company and the Group are set out in Note 36 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity, respectively.

Pre-Emptive Rights

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

Connected and Related Party Transactions

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2024 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Distributable Reserves

As at 31 March 2024, the Company's reserves available for distribution amounted to approximately HK\$74.0 million (31 March 2023: approximately HK\$74.0 million).

Major Customers, Subcontractors and Suppliers

During the year ended 31 March 2024, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 39.0% (31 March 2023: approximately 35.9%), while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 88.2% (31 March 2023: approximately 78.4%).

During the year ended 31 March 2024, the percentage of the Group's largest supplier was approximately 7.0% (31 March 2023: approximately 2.1%) of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 18.1% (31 March 2023: approximately 9.2%) of the total direct costs.

During the year ended 31 March 2024, the percentage of the Group's largest subcontractor was approximately 5.1% (31 March 2023: approximately 6.8%) of the total direct costs for the year, while the percentage of the Group's five largest subcontractors accounted for approximately 18.6% (31 March 2023: approximately 18.9%) of the total direct costs.

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

DIRECTORS' REPORT

Directors

The Directors during the year ended 31 March 2024 and up to the date of this annual report were as follows:

Executive Directors

Mr. Tsui Kai Kwong ("**Mr. KK Tsui**") (*Chairman*)

Mr. Tsui Tsz Yeung Ian ("**Mr. Ian Tsui**") (*Chief Executive Officer*)

Ms. Tsui Wai Yeung Janis ("**Ms. Janis Tsui**")

Independent non-executive Directors

Mr. Lee Yan Kit ("**Mr. Lee**")

Mr. Lee Kin Kee ("**Mr. Kevin Lee**")

Mr. Kwong Ping Man ("**Mr. Kwong**")

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the first general meeting of the Company after their appointment and shall then be eligible for re-election.

Pursuant to article 108 of the Company's memorandum and articles of association, Ms. Tsui Wai Yeung Janis and Mr. Lee Yan Kit will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election in the said meeting.

Permitted Indemnity Provision

Every 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.

Directors' Service Contracts

None of the Directors has a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Management's Biographies

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

DIRECTORS' REPORT

Controlling Shareholders' Interests in Contracts

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (as defined in the Listing Rules) (the "Controlling Shareholders") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year ended 31 March 2024.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 10 and Note 11 respectively to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the year ended 31 March 2024 falls within the following band:

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

Emolument Policy

The Company's remuneration policy comprises of primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions. The Company has adopted Share Option Scheme and Share Award Scheme as an incentive to Directors and selected employees, details of each of the schemes are set out on pages 15 to 18 in this annual report.

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

Retirement Benefit Plan

Details of retirement benefit plan of the Group as at 31 March 2024 are set out in Note 28 to the consolidated financial statements of this annual report.

DIRECTORS' REPORT

Directors' Interest in Significant Contracts

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements of this annual report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2024.

Management Contracts

During the year ended 31 March 2024, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Directors' Right to Acquire Shares or Debentures

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year ended 31 March 2024 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2024, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions) of the SFO; or (ii) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying Shares

Name	Capacity/Nature of interest	Number of shares held/interested	Percentage of shareholding
Mr. KK Tsui (Note)	Interest of a controlled corporation	1,200,000,000	75%

Note: New Brilliance Enterprises Limited ("New Brilliance") is 100% owned by Mr. KK Tsui. Therefore, Mr. KK Tsui is deemed to be, or taken to be, interested in all the shares of the Company held by New Brilliance for the purpose of the SFO. Mr. KK Tsui is the sole director of New Brilliance.

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had registered 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) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Person's Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as is known to the Directors, as at 31 March 2024, the following person/entity (other than the Directors and chief executive of the Company) had or were deemed to have, interests and short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares held/interested	Percentage of shareholding
New Brilliance	Beneficial owner	1,200,000,000	75%
Ms. Wong Cheuk Mui ("Ms. Wong") (Note)	Interest of spouse	1,200,000,000	75%

Note: Ms. Wong is the spouse of Mr. KK Tsui. Under the SFO, Ms. Wong is deemed to be interested in the same number of shares in which Mr. KK Tsui is interested.

Save as disclosed above, as at 31 March 2024, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

DIRECTORS' REPORT

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

Competing Business

During the year ended 31 March 2024, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any potential competition arising between the Group and the Controlling Shareholders, Mr. KK Tsui and New Brilliance (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition with the Company (for itself and for and on behalf of its subsidiaries) on 21 September 2020 (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and for and on behalf of its subsidiaries) that, during the period the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

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

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

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-competition.

DIRECTORS' REPORT

During the year ended 31 March 2024, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Covenantor in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Covenantors had complied with the Deed of Non-competition.

Corporate Governance

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

Equity-Linked Agreements

Save as disclosed in this annual report, no equity-linked agreement was entered into by the Company at any time during the year ended 31 March 2024.

Sufficiency of Public Float

To the knowledge of the Directors and based on the information available in the public domain concerning the Company, at least 25% of the Company's issue share capital as required under the Listing Rules is held by the public since the Listing Date and up to the latest practicable date prior to the issue of this annual report.

Independence of Independent Non-Executive Directors

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

Independent Auditors

The consolidated financial statements of the Company for the year ended 31 March 2024 were audited by HLB Hodgson Impey Cheng Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the year ended 31 March 2024, there was no material breach nor non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting, and is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. The details of ESG performance of the Group are set out in the "Environmental, Social and Governance Report" section of this annual report.

DIRECTORS' REPORT

Relationship with Customers, Suppliers, Subcontractors and Employees

The Group maintains good relationships with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom the success in the Group's operation would be at risk. During the year ended 31 March 2024, there were no material disputes between the Group and its customers, suppliers, subcontractors and employees.

ON BEHALF OF THE BOARD
Landrich Holding Limited
Tsui Kai Kwong
Chairman and Executive Director

Hong Kong, 21 June 2024

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tsui Kai Kwong (徐繼光) (“**Mr. KK Tsui**”), aged 64, is the Chairman and executive Director. Mr. KK Tsui is responsible for the overall strategic management and development of the Group’s business operations. Mr. KK Tsui was appointed as the Director on 31 July 2018 and re-designated as the Chairman and executive Director on 26 October 2018. He is also a member of the nomination committee of the Board (the “**Nomination Committee**”) and the Remuneration Committee. Mr. KK Tsui is a director of all subsidiaries of the Company.

Mr. KK Tsui has over 40 years extensive experience in the civil engineering. In July 1993, Mr. KK Tsui founded the Group by establishing Richwell Engineering Limited (“**Richwell Engineering**”) and expanded the Group by establishing Richwell Civil Engineering Limited (“**Richwell CE**”) and Time Concept Construction Limited (“**Time Concept**”) over the years in order to capture the growing business opportunities for construction engineering works in Hong Kong.

Mr. KK Tsui obtained a Higher Certificate in Civil Engineering from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987.

Mr. KK Tsui is the father of Mr. Ian Tsui and Ms. Janis Tsui, each an executive Director, and the uncle of Mr. Tsui Ying Yin, the financial director of the Group.

Mr. Tsui Tsz Yeung Ian (徐子揚) (“**Mr. Ian Tsui**”), aged 41, is the Chief Executive Officer and executive Director. Mr. Ian Tsui is responsible for overseeing the Group’s operation, business development, human resources, finance and administration. Mr. Ian Tsui first joined the Group in October 2007. He was appointed as the Director on 31 July 2018 and re-designated as the Chief Executive Officer and executive Director on 26 October 2018. Mr. Ian Tsui is a director of Richwell CE. He has over 17 years extensive experience in the civil engineering.

Mr. Ian Tsui studied up to the penultimate year of a Master of Science Degree in Civil Engineering at Imperial College London from October 2002 to May 2006.

Mr. Ian Tsui is the son of Mr. KK Tsui, the brother of Ms. Janis Tsui and the cousin of Mr. Tsui Ying Yin.

Ms. Tsui Wai Yeung Janis (徐慧揚) (“**Ms. Janis Tsui**”), aged 44, is the executive Director. Ms. Janis Tsui is responsible for overseeing the Group’s operation, business development, human resources, finance and administration. Ms. Janis Tsui first joined the Group in May 2013. She was appointed as the Director on 31 July 2018 and redesignated as the executive Director on 26 October 2018. Ms. Janis Tsui is a director of Time Concept. She has over 10 years extensive experience in administrative and financial management of construction industry in Hong Kong.

Ms. Janis Tsui obtained a Bachelor of Arts Degree in Accounting & Finance and Economics and a Postgraduate Diploma in Management Science from University of Kent at Canterbury (currently known as University of Kent) in July 2002 and November 2004, respectively.

Ms. Janis Tsui is the daughter of Mr. KK Tsui, the sister of Mr. Ian Tsui and the cousin of Mr. Tsui Ying Yin.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Lee Yan Kit (李殷傑) (“**Mr. Lee**”), aged 53, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the “**Audit Committee**”) and the Nomination Committee. Mr. Lee is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Lee worked in Sin Hua Bank Limited (currently known as Bank of China (Hong Kong) Limited) from March 1996 to April 2000 with his last position held as an officer. He then worked as an assistant manager in Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) from April 2000 to January 2001. Mr. Lee also worked in DBS Bank (Hong Kong) Limited from January 2001 to June 2004 with his last position held as vice president. He also acted as the senior business financial manager and team manager of Standard Chartered Bank (HK) Limited from June 2004 to September 2006. From September 2006 to July 2016, he held various positions at Dah Sing Bank Limited including team head, regional head, general manager and project manager. Mr. Lee was appointed as the president of SBG Holdings Limited and the chief marketing officer of HKST Group Holdings Limited from September 2016 to September 2017 and September 2016 to May 2018, respectively. Mr. Lee has been the director of Hoyan Group International Limited since September 2016. He was the chief executive officer and the director of National Arts Travel Limited, a subsidiary of National Arts Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8228), since June 2018 and February 2019, respectively, until 31 March 2022. Mr. Lee has been the vice chairman of the board of directors of Sowers Action since October 2018. He is one of the founding directors of Hong Kong Young Chief Officers’ Association and is currently the president of external affairs committee of Hong Kong Young Chief Officers’ Association. Mr. Lee has been the independent non-executive director of C-Link Squared Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1463), since March 2020. He was the chief operating officer of the National Arts Group Holdings Limited from May 2020 to January 2022. Mr. Lee was elected as the 5th Global Outstanding Chinese Youth organised by the Outstanding Chinese Culture Association. He has been awarded by Hong Kong Shue Yan University as an industrial advisor to the Bachelor of Business Administration (Honours) in Digital Marketing Programme of the Department of Business Administration since 1 July 2020. Mr. Lee has been the director of Skyyer MediaX Limited, a director of Hoyan Foreign Labour Services (HK) Limited and the director of Skyyer Travel Limited since October 2020, September 2022 and May 2024 respectively. Mr. Lee has been appointed as an independent director of Lixiang Education Holding Co., Ltd (stock code: LXEH), a company listed on NASDAQ since October 2020. Mr. Lee has been a director of Hong Kong Greater China SME Alliance Association since March 2023 and an honorary chairman of HK Private Detective Association since May 2023 and a honorary consultant of Guangdong-Hong Kong-Macao Greater Bay Area Youth Society since October 2023.

Mr. Lee obtained a Bachelor of Arts degree from The University of Manitoba, Canada in May 1993. He also obtained a certificate of Business Management from Ryerson Polytechnic University, Canada in June 1996. He further obtained a Master of Science degree in Financial Management from the University of London through distance learning in December 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Kin Kee (李建基) (“Mr. Kevin Lee”), aged 60, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Mr. Kevin Lee is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Kevin Lee has 36 years of experience in the finance profession. Before joining the Group, Mr. Kevin Lee served as an audit assistant at Price Waterhouse Company (currently known as Price Waterhouse Company Limited) in August 1987, and was promoted to senior accountant II in July 1990 before he left his position in October 1990. From October 1990 to January 1994, he served at Elec & Eltek Group, and held the positions of senior officer with the department of audit & system review, and, in the department of group finance & treasury, the positions of senior accountant, manager (management accounting) and manager (corporate accounting & credit control). From January 1994 to July 1994, he served at Technic Holdings Corporation Limited as a finance manager. From August 1995 to March 1997, he served with Asia Commercial Holdings Limited as a PRC financial controller. From July 1998 to July 2001, he served with SEI Interconnect Products (Hong Kong) Limited, initially as an assistant manager of the accounting department, and, from January 1999 onward, as a manager of accounting department. From July 2001 to November 2004, he served with Wah Shing Toys Company Limited, initially as a financial controller in the finance department, and, from February 2004 onwards, as a director in the production & material control department. From December 2004 to July 2007, he served with Musical Industries Limited as a general manager. From August 2007 to December 2008, he served with United Luminous International (Holdings) Limited as a financial controller. From January 2009 to March 2010, he served with Traxon Technologies Limited as its finance & accounting director. From March 2010 onwards, he serves with Optiled Lighting International Limited as a financial controller. From December 2015 to August 2016, he served as a non-executive director and from August 2016 to April 2018, he was re-designated as an executive director of Super Strong Holdings Limited (stock code: 8262), respectively. Since March 2010, he serves as a director of LED Lighting Expert Limited. Mr. Kevin Lee has been the non-executive director of China Oral Industry Group Holdings Limited (formerly known as Alpha Era International Holdings Limited), a company listed on the GEM of the Stock Exchange (stock code: 8406), from March 2016 to December 2021.

Mr. Kevin Lee is the co-founder and the managing director of KAV Technology Limited, a Hong Kong private company, since 2016.

Mr. Kevin Lee obtained a Diploma in Accounting from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in December 1987. He further obtained a Master of Business Administration from University of Canberra in Australia in May 2001. He was admitted as a member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in February 1992, and became a fellow thereof in October 2000. Mr. Kevin Lee was also admitted as an associate member and a fellow member of the Chartered Association of Certified Accountants in November 1990 and November 1995 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwong Ping Man (鄭炳文) (“**Mr. Kwong**”), aged 59, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Kwong is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Kwong possesses over 27 years of experience in accounting and administration. Mr. Kwong is currently the managing director of O’Park Corporate Services Limited, a company primarily engaged in corporate advisory and company secretarial services.

Mr. Kwong is currently the independent non-executive director of Royal Deluxe Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 3789)), Rare Earth Magnesium Technology Group Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 601)) and Tang Palace (China) Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 1181)).

Besides, Mr. Kwong had been an independent non-executive director of the following companies until he retired from his office: Clear Lift Holdings Limited (currently known as Hao Tian International Construction Investment Group Limited) (a company listed on the Main Board (stock code: 1341)) until March 2017, Century Sunshine Group Holdings Limited (a company listed on the Main Board (stock code: 509)) until June 2019 and Elegance Optical International Holdings Limited (a company listed on the Main Board (stock code: 907)) until April 2017 and Dragon King Group Holdings Limited (a company listed on GEM of the Stock Exchange (stock code: 8493)) until April 2021.

Mr. Kwong obtained a Bachelor of Commerce Degree in Accounting from Curtin University of Technology (currently known as Curtin University) in Australia in August 1996. He further obtained a Postgraduate Diploma in Corporate Administration and a Master of Professional Accounting from The Hong Kong Polytechnic University in November 1998 and November 2003, respectively. He was admitted as a certified practicing accountant of Australian Society of Certified Practising Accountants in August 1999, a fellow member of the Hong Kong Institute of Certified Public Accountants in July 2012, and an associate member of each of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in November 1999.

Senior Management

Mr. Law Kwong Shun (羅廣信) (“**Mr. Law**”), aged 58, is the commercial director of the Group. Mr. Law first joined the Group in June 2006. He is primarily responsible for the overall supervision of the commercial team and quantity surveying works, undertaking cost analysis and controlling the budgets of the projects. He has over 30 years extensive experience in tendering and commercial management of civil engineering in Hong Kong.

Mr. Law obtained a Bachelor of Science Degree in Construction Management in University of Wolverhampton in October 2006. He has been a member of The Chartered Institute of Building since August 2007.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsui Ying Yin (徐英賢) (“**Mr. Tsui**”), aged 39, is the financial director of the Group. Mr. Tsui first joined the Group in May 2008. He is primarily responsible for overall control and identification of risks of the Group’s operation. He has over 15 years extensive experience in financial and commercial management in Hong Kong.

Mr. Tsui obtained a Bachelor of Arts Degree in Accounting and Finance from The University of Lancaster in July 2007. He then obtained a Bachelor of Science Degree in Surveying from The Hong Kong Polytechnic University in October 2014.

Mr. Tsui is the nephew of Mr. KK Tsui and cousin of Mr. Ian Tsui and Ms. Janis Tsui.

Mr. Wong Kin Bui (黃健標) (“**Mr. Wong**”), aged 55, is the operation director of the Group. Mr. Wong first joined the Group in June 2006. He is responsible for the overall supervision, management and control of the Group’s operation. He has over 30 years extensive experience in supervision several major construction sites of civil engineering in Hong Kong.

Company Secretary

Ms. Ng Hoi Ying (吳愷盈) (“**Ms. Ng**”), aged 37, was appointed as the company secretary of the Company on 26 October 2018. Ms. Ng obtained a Bachelor of Business Administration Degree in Accountancy from The Hong Kong Polytechnic University in October 2008 and has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012.

Ms. Ng has over 15 years of experience in auditing, accounting and financial reporting. Ms. Ng joined Deloitte Touch Tohmatsu from September 2008 to November 2011, with her last position held as a senior auditor. She then joined Asia Maritime Pacific (Hong Kong) Limited from November 2011 to October 2014 with her last position held as a senior accountant. Ms. Ng joined Ngai Shun Construction & Drilling Co. Ltd, a then subsidiary of Boill Healthcare Holdings Limited (Stock Code: 1246), a company listed on the Main Board of the Stock Exchange, as an assistant finance manager in October 2014. She was promoted to finance manager and worked until October 2018. Ms. Ng is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

CORPORATE GOVERNANCE REPORT

Introduction

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are the key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

Corporate Governance Practice

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Company has fully complied with the CG Code for the year ended 31 March 2024 and up to the date of this annual report.

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

CULTURES AND VALUES

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

- 1. Integrity and credibility**
To promise to execute our contract with honesty and professionalism.
- 2. Legacy and inheritance**
To educate our staffs with good value and knowledge which made us the present and treasure our industry.
- 3. Project quality requirement of project completion**
To manage tightly the quality of projects.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance during the year ended 31 March 2024 and up to the date of this annual report.

Directors’ Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior management of the Group. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company’s policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors and reviewing the Company’s compliance with the CG Code and the disclosures in this annual report.

CORPORATE GOVERNANCE REPORT

Liability insurance for the Directors and senior management of the Group was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior management of the Group. They report periodically to the Board their work and business decisions.

Board Composition

The composition of the Board as at this annual report is set out as follows:

Executive Directors

Mr. Tsui Kai Kwong (*Chairman*)

Mr. Tsui Tsz Yeung Ian (*Chief Executive Officer*)

Ms. Tsui Wai Yeung Janis

Independent non-executive Directors

Mr. Lee Yan Kit

Mr. Lee Kin Kee

Mr. Kwong Ping Man

Biographical details of the Directors are set out in the section headed “Biographical Details of the Directors and Senior Management” of this annual report.

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

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company’s strategies, performance and control, as well as ensure that the interests of all shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

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

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company’s affairs;

CORPORATE GOVERNANCE REPORT

- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of other Directors.

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

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

Appointment and Re-Election of Directors

Each executive Director has entered into a service contract with the Company on 26 October 2018. The letters of appointment with each of the independent non-executive Directors was for an initial term of three years commencing from the Listing Date. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 111 and 112 of the Company's memorandum and articles of association provide that any Directors who are appointed to fill casual vacancies or as an addition to the existing Board shall hold office only until the first general meeting of the Company after their appointment, and are subject to re-election by shareholders of the Company. Any Directors appointed by the Board as an addition to the existing Board shall hold office only until the first following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to article 108 of the Company's memorandum and articles of association, each of Ms. Janis Tsui and Mr. Lee will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 6 September 2024. Ms. Janis Tsui and Mr. Lee being eligible, will offer themselves for re-election.

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

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. KK Tsui is the Chairman and Mr. Ian Tsui is the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

Directors' Training and Professional Development

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. The Group has provided reading materials on corporate governance to all Directors to develop and refresh their knowledge and skills.

The participation by individual Directors in the continuous professional development programme during the year ended 31 March 2024 is recorded in the table below:

Name of Directors	Training on corporate governance for listed companies
Executive Directors	
Mr. Tsui Kai Kwong	✓
Mr. Tsui Tsz Yeung Ian	✓
Ms. Tsui Wai Yeung Janis	✓
Independent non-executive Directors	
Mr. Lee Yan Kit	✓
Mr. Lee Kin Kee	✓
Mr. Kwong Ping Man	✓

The Group continuously updates the Directors on the latest developments regarding the corporate governance and other applicable regulatory requirements, so as to ensure that the Directors are aware of their responsibilities and obligations as well as to maintain good corporate governance practices.

Board Committees

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.landrich.com.hk. All Board committees should report to the Board on their decisions or recommendations made.

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

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

CORPORATE GOVERNANCE REPORT

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

Remuneration Committee

The Remuneration Committee was established on 21 September 2020. The chairman of the Remuneration Committee is Mr. Lee, the independent non-executive Director, and other members include Mr. KK Tsui, the executive Director, Mr. Kevin Lee and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Remuneration Committee is posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the policy and structures for all Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee also reviews and/or approves matters relating to share schemes under Chapter 17 of the Listing Rules. The model under code provision E.1.2(c)(ii) of the CG Code has been adopted. The Remuneration Committee held two meetings, to review the Directors' service agreements; and review the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2024. No Director nor any of his/her associates is involved in deciding his/her own remuneration.

Nomination Committee

The Nomination Committee was established on 21 September 2020. The chairman of the Nomination Committee is Mr. Kwong, the independent non-executive Director, and other members include Mr. KK Tsui, the executive Director, Mr. Lee and Mr. Kevin Lee, the independent non-executive Directors. The written terms of reference of the Nomination Committee is posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and assess the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. The Nomination Committee held one meeting during the year ended 31 March 2024 to review and recommend the re-election of Directors.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Nomination Committee will reference to the Board nomination policy (the “**Nomination Policy**”) adopted by the Group on 21 September 2020 for selecting and recommending candidates for directorships.

Selection Criteria

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

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

Nomination Process

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

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

CORPORATE GOVERNANCE REPORT

- (f) The Board shall have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Re-Election of Director at General Meeting

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

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

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

Board Diversity Policy

The Board adopted a Board diversity policy (the “**Diversity Policy**”) on 21 September 2020.

Selection Criteria

Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry experience. The Company will also take into account the factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board’s composition will be disclosed in this annual report.

Monitoring and Review of the Diversity Policy

The Nomination Committee will monitor the implementation of the Diversity Policy.

The Nomination Committee will from time to time review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy.

Audit Committee

The Audit Committee was established on 21 September 2020. The chairman of the Audit Committee is Mr. Kevin Lee, the independent non-executive Director, and other members include Mr. Lee and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Audit Committee is posted on the Stock Exchange’s website and on the Company’s website.

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

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The primary duties of the Audit Committee are mainly to review the financial information and oversee the financial reporting system, risk management and internal control systems, relationship with external auditors and review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2024, the Audit Committee held two meetings to review and comment on the Company's 2023 interim results and 2023 annual results as well as the Company's internal control systems and risk management systems.

The Group's consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

Attendance Records of Meetings

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 March 2024, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at the Board meetings, Board committees' meeting held for the year ended 31 March 2024 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2023 Annual general meeting
Executive Directors					
Mr. Tsui Kai Kwong	4/4		2/2	1/1	1/1
Mr. Tsui Tsz Yeung Ian	4/4				1/1
Ms. Tsui Wai Yeung Janis	4/4				1/1
Independent non-executive Directors					
Mr. Lee Yan Kit	4/4	2/2	2/2	1/1	1/1
Mr. Lee Kin Kee	4/4	2/2	2/2	1/1	1/1
Mr. Kwong Ping Man	4/4	2/2	2/2	1/1	1/1

CORPORATE GOVERNANCE REPORT

Company Secretary

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Ng as its Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Pursuant to Code C.6.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. KK Tsui as its contact point for Ms. Ng.

For the year ended 31 March 2024, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biography of Ms. Ng is set out in the section headed “Biographical Details of the Directors and Senior Management” of this annual report.

Independent Auditors’ Remuneration

During the year ended 31 March 2024, the remuneration paid or payable to the external auditors of the Company, HLB Hodgson Impey Cheng Limited, in respect of the audit and non-audit services were as follows:

Services rendered	Remuneration paid/payable <i>HK\$'000</i>
Audit services	
– Annual audit services	930
Non-audit services	
– Taxation services	49
	<u>979</u>

CORPORATE GOVERNANCE REPORT

Shareholders' Right

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

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

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong at Unit 6, 18th Floor, Fortune Commercial Building, 362 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong or by email at info@landrich.com.hk.

Risk Management and Internal Control

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

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

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

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

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2024 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2024 as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board have considered the internal control review report prepared by the independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

Whistleblowing Policy

The Board adopted the Whistleblowing Policy in February 2022. The purpose of the Whistleblowing Policy is to encourage employees at all levels of the Group and third parties who wish to raise any concerns about any suspected misconduct or malpractice within the Group and disclose information in confidence.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Board, the chairman of the Audit Committee and the chief executive officer of the Company. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 March 2024 has been discovered. The Whistleblowing Policy is monitored and reviewed regularly by the Audit Committee to ensure its effectiveness.

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Integrity Management Policy

The Board adopted the integrity management policy (the “**Integrity Management Policy**”) in January 2022. The Group is committed to prohibit all forms of bribery and corruption and is committed to integrity, honesty and anti-corruption practices in doing business. The Integrity Management Policy forms an integral part of the Group’s corporate governance framework. The Integrity Management Policy sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption. It demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local operation. In line with this commitment and to ensure transparency in the Group’s practices, the Integrity Management Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

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

Disclosure of Inside Information

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

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

Key procedures in place include:

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

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

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

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Communication with Shareholders and Investor Relations

The Company has adopted the Shareholders Communication Policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

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

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

The Company has reviewed the implementation and effectiveness of its Shareholders' Communication Policy for the year ended 31 March 2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group's financial performance, strategic direction and material business development, the Board is of the view that the Company has established an effective communication channel with its shareholders and considers that the Company's Shareholders' Communication Policy and its implementation are effective.

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

During the year ended 31 March 2024, the Company's memorandum and articles of association were amended to, inter alia, (i) bringing the existing memorandum and articles of association of the Company in line with the latest legal and regulatory requirements, including the amendments made to Appendix A1 to the Listing Rules and applicable laws and procedures of the Cayman Islands; and (ii) making other consequential and housekeeping amendments. The new memorandum and articles of association of the Company are available on the websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

This report is the “Environmental, Social and Governance Report” (collectively the “**ESG Report**”) published by the Group, which discloses the Group’s measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders’ confidence and understanding on the Group.

Reporting Standards

The ESG Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (“**ESG Guide**”) of the Stock Exchange set out in Appendix C2 of the Main Board Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance (“**ESG**”) performance of the Group. The information in the ESG Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group.

Reporting Year

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2023 to 31 March 2024 (the “**Reporting Period**”). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

Reporting Scope

The Group is a construction contractor in Hong Kong principally providing construction engineering works in Hong Kong. Based on the principle of materiality disclosure and reporting, the ESG Report covers mainly the ESG performance within the operational boundaries of the Group including data and activities of the headquarters in Hong Kong and majority of construction projects engaged in Hong Kong.

Operations that had no significant environmental and social impacts contributed were excluded from the reporting scope.

After the comprehensive completion of data collection system and the Group’s deepening in its ESG work, the Group has identified certain ESG issues relevant to the Group, which have been assessed by considering their materiality and importance to the Group’s principle activities, stakeholders as well as the Group. Those identified ESG issues and key performance indicators (“**KPIs**”) have been disclosed in the ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Governance

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group's ESG policies.

The Group has established dedicated teams composed of staff from main department of the Group to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group. The dedicated team would annually report on ESG issue to the Board.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

Stakeholder Engagement

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of its ESG performance, but also enables the Group to improve its performance based on the feedback. Therefore, the Group has engaged in open and regular communication with its stakeholder groups including shareholders and investors, clients, sub-contractors, employees, suppliers and government. Over the years, the Group has continued to fine-tune its sustainability focus, addressing pressing issues. The table below shows how the Group communicates with key stakeholder groups and their respective concerns.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders and Engagement Methods

Stakeholders	Interests and concerns	Engagement channels
Shareholders and investors	<ul style="list-style-type: none"> • Return on investment • Corporate strategy and governance • Risk mitigation and management 	<ul style="list-style-type: none"> • Annual General Meeting • Interim and annual reports, corporate websites • Announcements, notices of meetings, circulars
Clients	<ul style="list-style-type: none"> • Robust project management • Full compliance with regulations • Sustainability performance of operations 	<ul style="list-style-type: none"> • Interim and annual reports, corporate websites • Regular meetings and communication
Sub-contractors	<ul style="list-style-type: none"> • Effective project management • Occupational health and safety • Ethical business practices • Sub-contractors assessment criteria 	<ul style="list-style-type: none"> • Annual Health, Safety and Environment seminars • Training sessions • Regular progress meetings • Audits and assessments
Employees	<ul style="list-style-type: none"> • Remuneration, compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and well-being 	<ul style="list-style-type: none"> • Provide leisure activities and increase cohesion • In-house training programmes • Performance reviews and appraisals • Promote career development and enhance competence at all levels
Suppliers	<ul style="list-style-type: none"> • Long-term partnership • Ethical business practices • Supplier assessment criteria 	<ul style="list-style-type: none"> • Procurement processes • Audits and assessments
Government	<ul style="list-style-type: none"> • Laws and regulation compliance 	<ul style="list-style-type: none"> • Statutory reports • Regular inspection and supervision

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions from stakeholders through different forms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of materiality, quantification, balance and consistency, in order to define the content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Analysis

The following 18 ESG issues relevant to our business were considered during the materiality analysis process:

Categories	Economic	Society	Environment
Interests and concerns	1. Quality management	4. Labour practices	14. Climate change tackling
	2. Customer service	5. Occupational health and safety	15. Waste and hazardous management
	3. Intellectual property protection	6. Human rights	16. Water and wastewater management
		7. Supply chain management	17. Employee equality and diversity
		8. Human capital	18. Energy management
		9. Data & privacy protection	
		10. Ethical business practices	
		11. Development and training	
		12. Community investment	
		13. Anti-corruption	

By review of the Group’s operations, the Group identifies key ESG issues and assesses the importance of related matters to the Group’s businesses and stakeholders with the guidance of expert. Based on the material ESG issues identified, feedback is collected from the relevant internal and external stakeholders of the Group.

The Group has identified three most important topics which are the main concerns for our stakeholders:

- Customer service
- Human capital
- Climate change tackling

The Group will continue to manage these critical issues by adopting policies and guidelines to further enhance the Group’s ESG performance.

Climate Change

Climate change is one of the most complicated challenges faced by mankind in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Over-emission of greenhouse gases is the main factor in causing global climate change. To achieving a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has strived to mitigate the risks brought by climate change through the adoption of various environmental policies and measures; and promoting energy saving measures and habits in office. The Group has also considered potential physical risks of climate change to its daily operation such as storms, fires or heatwaves and through implementation of the relevant protection measures to minimise the risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is focused on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of its business and using its voice to advocate for collective action.

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. The Group has identified the following significant climate related issues which have impacted and/or may impact on its operations:

Risk	Impact on the Group	Response
Physical Risk		
Acute risk: Extreme weather such as typhoons and torrential rains	Weather-related events such as storms, floods, fires or heatwaves that cause damage to construction site facilities and operations	Formulate emergency response plans and continuously improve emergency response mechanisms for natural disasters
Chronic risk: Continuous high temperature, drought, etc.	Higher temperature requires the Group to purchase more cooling equipment, which would increase operating cost	Develop and apply more energy efficient cooling equipment Maintain comprehensive insurance coverage on assets
Transition Risk		
Policy and legal risks: Changes in environmental-related regulations	The energy price may increase due to energy efficiency requirements	Scientifically arrange production plans, carefully deploy production organisations, and improve operational efficiency
	Failure to comply with regulations could increase the compliance workload and expose the Group to legal action or claims	Closely monitor changes in environmental laws, regulations and policies, and respond to them in a timely manner
Market risk: Consumers demand for green and low Carbon products	Failure to effectively meet consumer demand for green low-carbon products	Introduce the latest energy-saving technology and equipment in workplace if applicable Promote resources saving

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Environmental Protection

Emissions

Emissions from the course of operation

Major emissions from construction sites are air pollutants, noise, waste and effluents. The Group manages these emissions and is committed to seeking practical means to reduce their impact on the environment.

To reduce the noise nuisance in the surrounding environment, the Group keeps on implementing equipment which can be effectively silenced, such as noise screens and portable noise barriers. Where necessary, the Group applies construction noise permit for every site that passed different testing from Environmental Protection Department (i.e. acceptable noise levels and summation of noise levels). The Group recognises that noise challenges are unique to each project and there is always room to further reduce noise in communities surrounding the construction sites. In this regard, the Group is considering in kicking off a yearly review to evaluate the internal noise abatement procedures, especially for projects at noise-sensitive areas.

Emissions from vehicle usage

During the Group's operation in Hong Kong, the usage of private cars and light goods vehicle generate the emissions of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and Particulate Matter ("PM"). The approximate amount of NO_x, SO_x and PM produced from the Group's operation in Hong Kong are shown in the following table:

Air emissions from vehicle usage

Types of air emissions	2024	2023
NO _x emissions (tonnes)	1.750	1.746
SO _x emissions (tonnes)	0.004	0.004
PM emissions (tonnes)	0.155	0.157

Compared to the last financial year, three types of emissions (NO_x, SO_x and PM) in 2024 has remained stable. In respect of reducing the air emissions, the Group has formulated and educated employees about the following measures so as to achieve the environmental friendly approach; including (i) avoid peak hour traffic and (ii) encourage the use of public transport instead of private car.

Greenhouse Gas ("GHG") Emissions

During the course of operations in Hong Kong, there are GHG emissions principally resulting from vehicle usage, electricity consumed and the use of electricity for processing fresh water and sewage water at head office and construction projects. The Group is targeted to maintain the GHG emissions at lower than 6 tonnes per million revenue. The Group has implemented a various of measure in order to reach the target set. The relevant measures are mentioned as below.

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Scope 1 – Direct emissions

During the operations of the Group in Hong Kong, due to the intense usage of vehicles to travel between construction sites, a certain amount of greenhouse gases is produced.

The Group strictly controls the emissions of GHG through the establishment of a comprehensive data collection system. This system helps the Group to monitor the monthly usage of vehicles to maintain the efficiency at a prominent level. Also, the Group has adopted measures, which are described in the section headed “Air emissions from vehicle usage” to reduce the emission.

Scope 2 – Energy indirect emissions

Apart from the direct emissions of GHG, the Group has also incurred indirect GHG emissions (Scope 2), principally resulting from electricity consumed at the Hong Kong’s head office and the construction sites. The electricity conservation measures are described in the section headed “Energy Consumption”.

Scope 3 – Other indirect emissions

In the Hong Kong’s office, there are other indirect GHG emissions due to electricity used for processing fresh water and sewage by government departments.

The summary of GHGs emissions from the operations are shown in the following table:

Summary of GHG emissions

	2024	2023
	CO ₂ equivalent emission	CO ₂ equivalent emission
Types of GHG emissions		
Scope 1 – Direct emissions (tonnes)	747.02	669.60
Scope 2 – Energy indirect emissions (tonnes)	834.68	775.51
Scope 3 – Other indirect emissions (tonnes)		
– Electricity for processing fresh water and sewage (tonnes)	28.02	25.64
Total	1,609.72	1,470.75
Intensity of GHG emissions per million revenue (tonnes)	1.18	1.54

Note 1: As at 31 March 2024 and 2023, the Group recorded a revenue of approximately HK\$1,366.9 million and HK\$956.5 million respectively. The data is used for calculating intensity data.

Compared to the Previous Year, the intensity of GHG emission has decreased slightly due to the increase in revenue and implementation of conservation measures.

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Hazardous waste

Due to the business nature, the Group's operation does not directly generate any hazardous waste.

Non-hazardous waste

For the provision of construction engineering works, the Group has produced some non-hazardous solid waste during the operation. The inert Construction and Demolition ("C&D") material is disposed through logistic service provider trucks that is authorized by Environmental Protection Department ("EPD"). The waste is disposed at public filling areas whereas the non-inert and mixed C&D waste are disposed at three strategic landfills. With the logistic service provider that is authorised by EPD to handle inert C&D material, illegal dumping can be prohibited. The figures of non-hazardous waste produced are shown as followings:

Non-hazardous solid waste produced	2024 Volume	2023 Volume
Construction waste	<u>23,349</u>	<u>10,959</u>
Intensity of non-hazardous solid waste emissions per million revenue (tonnes)	<u>17.08</u>	<u>11.46</u>

The Group is dedicated to proper management of the non-hazardous solid waste. Specific area at the site is assigned for the temporary storage of non-hazardous waste. The waste is then gathered by logistic service provider which is authorised by the EPD and delivered to the public landfills. The waste produced has increased as the Group's certain major projects are in the status of performing excavation work and therefore incurred higher quantity of C&D waste. The Group will continue to explore the opportunity to reduce and minimise the generation of wastes in the execution of works by assigning temporary storage to manage and reuse waste materials on site. The Group targets to maintain the non-hazardous waste produced from construction at lower than 25 tonnes per million revenue.

Use of Resources

The Group adheres to the concept of energy conservation and emission reduction for green business. The major resources used by the Group are principally electricity and water consumed in the Group's headquarter and various project sites in Hong Kong. The Group aims to improve its energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout the operation, and strive to save the resources.

The Group records and analyses the water consumption regularly. After identifying the causes of high rates of water consumption, the Group will take remedial action to minimise water use. Throughout the years, the Group put forth a strong emphasis on minimizing the usage of electricity and water during the Group's daily operations.

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The total water consumption and intensity are shown in the following table:

Water Consumption	2024	2023
Total water consumption (cubic metres)	44,894	41,096
Intensity of total water consumption per million revenue (cubic metres)	32.84	42.96

The Group's intensity of total water consumption has decreased slightly due to the increase in revenue and implementation of conservation measures. The Group has initiated a target of maintaining the water consumption at lower than 100 cubic meters per million revenue.

Energy Consumption

The Group main energy consumptions are non-renewable fuel ("NRF") (direct) including diesel and petrol and purchase of energy in the form of electricity.

The Group determines to maximise energy conservation in its office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing electrical appliances with highly efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste.

To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time. The total energy consumption in kWh and intensity are shown in the following table:

Energy Consumption	2024	2023
Purchase of energy (kWh)	1,633,036	1,551,018
NRF consumed (direct) (kWh)	2,889,937	2,598,550
Total	4,522,973	4,149,568
Intensity of total energy consumption per million revenue (kWh)	3,309	4,338

During the Reporting Period, the Group strictly implements the energy conservation guideline. The decrease in intensity of total energy consumption was attributable to the increase in revenue and implementation of conservation measures. The Group targets to maintain the energy consumption at below 6,000 kWh per million revenue. The Group will continue to monitor the progress of target and implement measures to promote energy saving.

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Packaging materials

Due to the business nature, the Group does not produce any finished products during the Reporting Period. Therefore, we do not consume significant amounts of package materials for product packaging.

The Environment and Natural Resources

To develop a green approach at the project sites and office, the Group has set up various environmental system management practices as part of its effort to develop an environmental management system that supports sustainable development.

Office equipment

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Used toner cartridges return to respective suppliers for recycling
- All windows and doors must be closed when the air-conditioners turn on
- Affix save energy posters near the main switches in order to remind our employees of energy saving
- The last-man-out is dedicated to check and turn off all machines and equipment

Lighting

- Switch off non-essential lighting if there are only few people working in the office
- The last-man-out is dedicated to check and turn off all lighting of the office

Other practice

- Encourage duplex printing, reuse of single-side used paper
- Refill instead of new pen when used up

Social

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment, performance management, promotion, employment termination, training and development.

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As the Group is principally engaged in construction related works in Hong Kong, manual work is generally required in most position. Hence, the ratio of the number of male to female employees is approximately 4.0 to 1 (2023: 3.8 to 1). However, the Group aims to refrain from any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace via implementation of human resources management policy. The above measures have helped ensuring that every employee is treated equally and fairly.

The Group has always strictly observed the relevant legislations in Hong Kong regarding equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong) and etc. in Hong Kong.

The Group has its internal procedures to record employees' information in order to review employment practices regularly so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure there is no employment of child labour or forced labour in any form.

The Group also strives to establish harmonious labour relationships and create a happy working environment, promote a positive and healthy lifestyle, and lift the spirit of local workforce, encourage and strengthen internal communication through organising diversified employee activities, including but not limited to participating in dragon boat racing activity and organising annual dinner.

During the reporting period, all staff are full-time employee.

Employment Key Performance Indicators (Employee)

Total workforce structure as at 31 March 2024

Gender	Age			Number of employees by gender	Total number of employees	2024	2023
	below 30	30-50	over 50			Ratio of number of male to female employees	Ratio of number of male to female employees
Male	38	143	149	330	412	4.0:1	3.8:1
Female	21	31	30	82			
Total	59	174	179	412			

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Employee turnover in the Reporting Period

	2024	2023
Employee total turnover rate	48.5%	57.9%
By age group		
Age below 30	54.2%	54.4%
Age 30-50	46.6%	52.4%
Age over 50	48.6%	64.3%
By gender		
Male	50.6%	61.0%
Female	40.2%	45.9%

Health and Safety

The Company is an investment holding company incorporated in Cayman Islands whilst its headquarters is located in Hong Kong. The nature of its daily operation is mainly office-based where the safety risk is limited. The Hong Kong headquarters has been equipped with fire-fighting facilities including fire extinguishers and participates in the fire drill organized by the building regularly.

The Group is committed to providing and maintaining a safe and healthy working environment for the employees and ensuring the safety of others affected by the Group's operation.

The Group requires employees to strictly comply with the company safety policy and guidelines which clearly specify workflows, all kinds of safety measures and guidance as well as employees' responsibilities for their health and safety at our workplace.

The Group has established a risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits.

For employees whose work station is mainly project site, the Group provides "site specific induction training" to the employees before they commence their work at the project site in accordance with the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong). Thereafter, they are given refresher talks regularly depending on the amount of changes to the site condition. The Group also provides tool-box talks, aiming to heighten employees' awareness of workplace hazards and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). The Group also strictly follows the corresponding measures under extreme weather conditions in accordance with the Guide on Safety at Work in Times of Inclement Weather and Code of Practice in Times of Typhoons and Rainstorms issued by the Labour Department, and the Guidelines on Site Safety Measures for Working in Hot Weather issued by the Construction Industry Council to ensure safety of employees.

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Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures set. Subsequently, the Group follows the procedures in accordance with the “Employees’ Compensation Ordinance” (Chapter 282 of the Laws of Hong Kong). The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident, similar to last financial year.

Health and safety key performance indicators (Employee)

	2024	2023	2022
Number of work-related injuries	1	1	1
Accident Frequency Rate (per 1,000 employees)	2.43	2.81	2.78
Number of loss days due to work-related injuries	214	264	172

Development and Trainings

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in personal development and job-related training courses. In order to maintain the highest standard of professionalism by its employees, this program includes quality assurance training in operation process and inspection assurance of materials received from supplier.

In daily operation, the Group provides induction training for new employees, experienced employees act as mentors to guide newcomers. The Group believes such arrangement can be the best practice to facilitate communication and team spirit, as well as to improve technical skills and managerial capability and the management encourage learning and further development of employees at all levels. Meanwhile, the directors and employees would regularly develop knowledge and skills by attending training courses, participating in industrial conference and exhibitions, and reading relevant materials.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that by means of offering comprehensive training opportunities, it could help providing the necessary protection to talent reserves for corporate development. The Group evaluates the training needs of its employees annually to ensure that employees are offered suitable and appropriate training according to their job nature and position.

Development and Training Key Performance Indicators in Hong Kong (Employee)

	Managerial level or above ²	Supervisory staff ²	General staff ²	Percentage of employees receiving training by gender ²	2024 Overall percentage of employees receiving training ³	2023 Overall percentage of employees receiving training ³
Trained staff						
Male	26.92%	11.38%	17.42%	16.67%	14.81%	5.34%
Female	20.00%	3.70%	13.04%	7.32%		
Overall	26.32%	9.04%	16.85%			

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Note 2: Percentage of employees trained in relevant categories = Employees in the category who took part in training/Total number of employees in category x 100%

Note 3: Percentage of employees trained = Employees who took part in training/Number of employees x 100%

Average training hours	Managerial level or above ⁴	Supervisory Staff ⁴	General staff ⁴	Average training hours by gender ⁴	2024 Overall average training hours ⁵	2023 Overall average training hours ⁵
Male	3.92 hours	2.24 hours	2.99 hours	2.86 hours	2.48 hours	1.02 hours
Female	<u>2.10 hours</u>	<u>0.36 hours</u>	<u>2.09 hours</u>	0.95 hours		
Overall	<u>3.76 hours</u>	<u>1.66 hours</u>	<u>2.88 hours</u>			

Note 4: Overall average training hour per employee in relevant categories = Total number of training hours of the category/Total number of employees in category

Note 5: Overall average training hour = Total number of training hours/Total number of employees

Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Policy of Employment of Children under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for recruitment and selection, to prevent itself from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges for the employees' working hours based on the working hour standards and entitles them to paid leaves and sick leaves in accordance with the relevant labour laws in Hong Kong.

Supply Chain Management

The Group implements supplier management in accordance with internal guidance which governs the engagement of suppliers/sub-contractors in Hong Kong. Suppliers/sub-contractors are chosen subjecting to screening and evaluation procedures among the suppliers/sub-contractors, based on the quality and price. Also, to ensure suppliers'/sub-contractors' capability in quality assurance, safety and environmental responsibility, field visit and investigation is conducted. The investigation reviews the production capacity, technology level, quality assurance capabilities, supply capacity, safety and environment management qualifications if needed. Only the highly qualified suppliers/sub-contractors complied with regulatory requirements are eligible for the supplier/subcontractor selection by the Group. The Group also carries out regular assessment on suppliers'/sub-contractors' overall capabilities, assets position, nature of business, reputation in the industry, quality of products, goods delivery and compliance with law and regulations.

As customers are becoming more concerned about environmental issues, and stress the importance of using environmentally friendly materials, the Group will continue to act as a corporate citizen in communicating and stressing those environmental issues to our suppliers. Supplier's service or product with minimal adverse environmental impacts would be one of the significant considerations for the Group to select new supplier.

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Each subcontractor and supplier are reviewed after completion of their contracts. In case of major nonperformance of approved subcontractor or supplier, the Group will review their suitability to remain on the approved list.

Number of critical suppliers cooperated with the Group during the Reporting Period

Region	2024	2023
Hong Kong	499	506
PRC	1	1
	<u>500</u>	<u>507</u>

Product and Service Responsibility

The Group is committed to providing high-quality services and guarantees that the quality of the Group's projects in Hong Kong is in line with quality standards and sustainability requirements. The Group also pursues to meet higher criteria all the time.

The Group has always been focusing on quality control in construction projects since its incorporation in Hong Kong. In respect of human resources, the Group has a team of project managers with rich experience in undertaking various construction projects. In respect of systems, the Group owns a quality management system, which establishes the procedure to manage the non-conformity detected during construction process. When non-conforming work is identified, the Group will review the situation and stop these below standard works from continuing or re-occurring. If the defect is likely to recur, the Group will require remedial action by the subcontractor and shall more closely supervise these works whenever practicable. The Group also carries out trainings and has established a management system covering various aspects including management of quality of construction staff, quality control on raw material, site management and quality management system, so as to ensure the timely and efficient completion of projects.

During the reporting period, due to the business nature of the Group, there were no recalls concerning the provision and use of products for safety and health reasons within the Group. Besides, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on the Group's operations (2023: Nil).

Protection of Intellectual Property Right and Consumer Privacy

The Group recognise the importance of the protection over intellectual property right and consumer privacy. Proper licences for software and information are obtained by the Group to use in its business operation.

Meanwhile, the Group handles all information provided by clients, employees and business partner in accordance with Personal Data (Privacy) Ordinance and related laws and regulations to ensure those information is under proper protection.

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Anti-Corruption

The Group is committed to maintain the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the chairman of the Audit Committee for any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employee handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserves the right to take further actions against such person.

The Group plans to host regular trainings delivered by representatives from regulators and professionals to all Directors and employees in regards to anti-corruption policies and procedures so to maintain employees' awareness on anti-corruption best practices.

During the Reporting Period, the Group complied with the relevant laws and regulations regarding anti-corruption and money laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees (2023: Nil).

Community Investment

The Group understands well of the importance for making positive contribution to the community where it operates and considers community benefits as one of its social responsibility. The Group considers that enterprises and communities are inseparable as a whole. Enterprise development has played a leading role in the economic and social development of the community, such as providing employment opportunities and increasing taxes. At the same time, enterprise development is also inseparable from community's support and help. In order to better fulfil its social responsibilities, the Group is very concerned about environmental and health issues and sponsors relevant activities or organisations when necessary.

To strength the connection with society, the Group has been registered in Construction Industry Sports & Volunteering Program as a corporate member to encourage employees to participate in charitable and community events.

The Group will continue to explore other means to contribute more to the community and strive to facilitate the building of a healthy and sustainable society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Reporting Guide Content Index of The Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Non-hazardous waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection – Greenhouse Gas Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Hazardous waste; Non-hazardous waste

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Use of Resources – Packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection – The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection – Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social – Employment; Labour Standards
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social – Employment; Labour Standards
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social – Employment; Labour Standards
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social – Health and Safety
KPI B2.2	Lost days due to work injury.	Social – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social – Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social – Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social – Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social – Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social – Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social – Employment
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Social – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social – Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social – Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social – Product and Service Responsibility; Protection of Intellectual Property Right and Consumer Privacy
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social – Product and Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social – Product and Service Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social – Protection of Intellectual Property Right and Consumer Privacy
KPI B6.4	Description of quality assurance process and recall procedures.	Social – Product and Service Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social – Protection of Intellectual Property Right and Consumer Privacy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social – Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social – Anti-Corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Social – Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social – Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social – Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social – Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social – Community Investment

INDEPENDENT AUDITORS' REPORT



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF LANDRICH HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Landrich Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 73 to 135, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Revenue recognition from provision of construction engineering works

We identified the revenue recognition from provision of construction engineering works as a key audit matter due to its significance to the consolidated financial statements and management's estimate is involved in determining the revenue when contract progresses.

The contract revenue and profit recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measured by actual contract costs incurred to date to estimated total contract costs for the contract. The Group reviews and revises the estimates of contract revenue, contract costs and variation order, prepared for each construction contract as the contract progresses. Significant judgement is required in estimating contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

The accounting policy, accounting estimate and disclosure for revenue in Note 3, Note 4 and Note 5 to the consolidated financial statements.

Our audit procedures in relation to revenue recognition from provision of construction engineering works mainly included:

- Obtaining an understanding on how the management recognises the revenue from the provision of construction engineering works and how the total budget costs are determined;
- Agreeing the project contract sum to signed contracts and variation orders, if any;
- Assessing the accuracy of the actual total costs incurred for the year by checking against the payment certificates or invoices issued by the subcontractors and suppliers, on a sample basis;
- Checking the total budget costs by inspecting the underlying contracts and correspondence with subcontractors and suppliers, on a sample basis, of individual projects and understanding the causes for significant variances, if any, made to these budgets during the year;
- Evaluating the reliability of the management's estimation by comparing their budget costs to actual costs on completed projects, on a sample basis; and
- Assessing the accuracy of revenue recognised for the year by recalculating the revenue based on the percentage of completion of the contract based on the input method.

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables and contract assets

We identified the impairment assessment of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements and management's estimate is involved in determining the impairment of trade receivables and contract assets.

The Group applied simplified approach on trade receivables and contract assets to provide for expected credit loss. 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.

The accounting policy, accounting estimate and disclosures for the trade receivables and contract assets are disclosed in Note 3, Note 4, Note 17, Note 19 and Note 33 to the consolidated financial statements.

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

- Obtaining an understanding on how the management assess the expected credit losses for trade receivables and contract assets;
- Testing the integrity of information used by management for the assessment, including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant underlying documents;
- Testing, on a sample basis, the collection of receivables after the year end from the customers;
- Assessing the reasonableness of the basis and judgement of the management in determining loss allowance on trade receivables and contract assets; and
- Testing the key data sources applied in the expected credit losses computation, on a sample basis, by checking to the supporting information and external data sources, as applicable.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS 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 directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT

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

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

INDEPENDENT AUDITORS' REPORT

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

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, related safeguards.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Kwok Kin Leung.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Kwok Kin Leung

Practising Certificate Number: P05769

Hong Kong, 21 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	1,366,939	956,498
Direct costs		<u>(1,285,854)</u>	<u>(884,856)</u>
Gross profit		81,085	71,642
Other income, other gains and losses	6	(11,383)	7,671
Administrative and other operating expenses		(34,691)	(39,162)
Finance costs	7	<u>(1,296)</u>	<u>(1,779)</u>
Profit before income tax	9	33,715	38,372
Income tax expense	8	<u>(7,566)</u>	<u>(5,581)</u>
Profit and total comprehensive income for the year attributable to the owners of the Company		<u>26,149</u>	<u>32,791</u>
Earnings per share			
– Basic (HK cents)	12	<u>1.67</u>	<u>2.10</u>
– Diluted (HK cents)	12	<u>1.67</u>	<u>2.09</u>

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	11,055	18,644
Deposits for acquisition of property, plant and equipment		431	295
Right-of-use assets	15	7,071	7,769
Financial assets at fair value through profit or loss	16	593	524
Deferred tax assets	24	177	72
		19,327	27,304
Current assets			
Trade receivables	17	95,270	66,286
Other receivables, deposits and prepayments	18	51,579	48,844
Contract assets	19	336,169	288,076
Financial assets at fair value through profit or loss	16	13,669	27,821
Tax recoverable		222	1,737
Pledged bank deposits	20	–	3,413
Bank balances and cash	20	131,386	160,133
		628,295	596,310
Total assets		647,622	623,614
Current liabilities			
Trade and other payables	21	229,348	172,580
Contract liabilities	19	73,984	123,951
Borrowings	22	19,618	28,013
Lease liabilities	23	2,907	3,866
Current tax liabilities		4,599	3,799
		330,456	332,209
Net current assets		297,839	264,101
Total assets less current liabilities		317,166	291,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities	23	1,169	846
Deferred tax liabilities	24	<u>966</u>	<u>1,898</u>
		<u>2,135</u>	<u>2,744</u>
Net assets			
		<u>315,031</u>	<u>288,661</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	25	16,000	16,000
Reserves		<u>299,031</u>	<u>272,661</u>
Total equity			
		<u>315,031</u>	<u>288,661</u>

The consolidated financial statements on pages 73 to 135 were approved and authorised for issue by the Board of Directors on 21 June 2024 and signed on its behalf by:

Mr. Tsui Kai Kwong
Director

Mr. Tsui Tsz Yeung Ian
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital	Share premium	Shares held for share award scheme	Share award reserve	Other reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 25)				(Note)		
At 1 April 2022	16,000	69,814	(3,638)	–	24,912	153,152	260,240
Profit and total comprehensive income for the year	–	–	–	–	–	32,791	32,791
Purchase of shares for share award scheme (Note 27)	–	–	(6,013)	–	–	–	(6,013)
Recognition of equity-settled share-based payments expense (Note 27)	–	–	–	1,643	–	–	1,643
Transfer of shares upon vesting of share awards under share award scheme	–	–	1,230	(1,220)	–	(10)	–
At 31 March 2023 and 1 April 2023	16,000	69,814	(8,421)	423	24,912	185,933	288,661
Profit and total comprehensive income for the year	–	–	–	–	–	26,149	26,149
Recognition of equity-settled share-based payments expense (Note 27)	–	–	–	221	–	–	221
Transfer of shares upon vesting of share awards under share award scheme	–	–	318	(315)	–	(3)	–
At 31 March 2024	16,000	69,814	(8,103)	329	24,912	212,079	315,031

Note: Other reserve represents the difference between the nominal value of the shares issued by Lion Brave Group Limited, Lofty Wisdom Holdings Limited and Sheen Cedar Investments Limited and the aggregate amount of the nominal value of the share capital of Richwell Engineering Limited, Richwell Civil Engineering Limited and Time Concept Construction Limited which were acquired under the group reorganisation in the preparation for the listing of the Company's shares.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities		
Profit before income tax	33,715	38,372
Adjustments for:		
– Depreciation of property, plant and equipment	11,012	11,708
– Depreciation of right-of-use assets	3,777	3,550
– Equity-settled share-based payments expense	221	1,643
– Fair value loss on financial assets at fair value through profit or loss	14,083	1,994
– Gain on disposals of property, plant and equipment, net	(608)	(781)
– Impairment loss allowance on trade receivables and contract assets, net of reversal	831	3,567
– Interest expenses	1,296	1,779
– Interest income	(1,536)	(497)
Operating cash flows before movements in working capital	62,791	61,335
(Increase)/decrease in trade receivables	(29,902)	12,480
Increase in other receivables, deposits and prepayments	(2,735)	(14,205)
Increase in contract assets	(48,006)	(30,857)
Increase in trade and other payables	53,870	28,535
(Decrease)/increase in contract liabilities	(49,967)	17,891
Cash (used in)/generated from operations	(13,949)	75,179
Income tax paid	(4,452)	(10,925)
Income tax refunded	1,062	1,049
Interest paid	(878)	(810)
Net cash (used in)/generated from operating activities	(18,217)	64,493
Cash flows from investing activities		
Decrease in pledged bank deposits	3,413	17,993
Placement of time deposit with original maturity over three months	(2,400)	–
Interest received	1,536	497
Purchase of financial assets at fair value through profit or loss	–	(30,107)
Payment for deposits of right-of-use assets	(705)	(265)
Payment for deposits for acquisition of property, plant and equipment	(296)	(295)
Proceeds from disposals of property, plant and equipment	863	1,073
Purchase of property, plant and equipment	(1,434)	(4,007)
Net cash generated from/(used in) investing activities	977	(15,111)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
Cash flows from financing activities		
Interest paid	(134)	(684)
New bank loans raised	–	12,000
Repayment of lease liabilities	(5,094)	(5,164)
Interest paid on lease liabilities	(284)	(285)
Repayment of bank loans	(12,292)	(12,188)
Purchase of shares for share award scheme	–	(6,013)
	<u>–</u>	<u>(6,013)</u>
Net cash used in financing activities	(17,804)	(12,334)
	<u>(17,804)</u>	<u>(12,334)</u>
Net (decrease)/increase in cash and cash equivalents	(35,044)	37,048
Cash and cash equivalents at the beginning of the year	144,412	107,364
	<u>144,412</u>	<u>107,364</u>
Cash and cash equivalents at the end of the year	109,368	144,412
	<u><u>109,368</u></u>	<u><u>144,412</u></u>
Represented by:		
Bank balances and cash	131,386	160,133
Less: Time deposit with original maturity over three months	(2,400)	–
Less: Bank overdrafts	(19,618)	(15,721)
	<u>(19,618)</u>	<u>(15,721)</u>
	109,368	144,412
	<u><u>109,368</u></u>	<u><u>144,412</u></u>

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Landrich Holding Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability on 31 July 2018. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020. Its immediate and ultimate holding company is New Brilliance Enterprises Limited (“**New Brilliance**”), a private limited company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Tsui Kai Kwong (“**Mr. KK Tsui**”), the controlling shareholders, an executive director and the chairman of the Company.

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business in Hong Kong is Unit 6, 18th Floor, Fortune Commercial Building, 362 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in provision of construction engineering works.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Interests in joint operations (Continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers (Continued)

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

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

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

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

The lease payments include:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Employee benefits

Retirement benefit costs

Payments to the defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Share award scheme

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

When the trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity.

The fair value of services received determined by reference to the fair value of shares awarded at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award reserve).

At the end of each reporting period, service and non-market performance vesting conditions are included in the estimation about the number of share awards that are expected to vest, the Group revises its estimate of the number of share awards that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award reserve.

When the trustee transfers the Company's shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held for share award scheme. Accordingly, the related expense of the granted shares is reversed from the share award reserve. The difference arising from such transfer is debited/credited to retained profits.

When the share award scheme is cancelled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The amount previously recognised in share award reserve will also be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits with banks, short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as borrowings in the consolidated statement of financial position.

Provisions

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

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

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

Financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

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

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

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

(i) Significant increase in credit risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk *(Continued)*

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

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

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL *(Continued)*

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Related parties

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

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Revenue recognition from provision of construction engineering works

The contract revenue and profit recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measured by actual contract costs incurred to date to estimated total contract costs for the contract. Based on the Group's recent experience and the nature of the activity undertaken by the Group, the Group reviews and revises the estimates of contract revenue, contract costs and variation order, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers and vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs and revises the budgeted construction costs as appropriate.

Significant judgement is required in estimating contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually.

In addition, for trade receivables and contract assets which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Type of service		
Provision of construction engineering works	<u>1,366,939</u>	<u>956,498</u>
Type of sector		
Public sector	1,366,939	952,505
Private sector	<u>–</u>	<u>3,993</u>
	<u>1,366,939</u>	<u>956,498</u>

(ii) Performance obligations for contracts with customers

The Group provides construction engineering works to customers. Such works are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the value of construction work using input method. The progress towards complete satisfaction of a performance obligation is determined as the proportion of the costs incurred for the works (i.e. direct labour costs, subcontracting costs and costs of materials incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services to the extent that the revenue can be measured reliably and its recovery is considered probable.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction works are performed representing the Group's right to consideration for the works performed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. If the progress payment exceeds the revenue recognised to date under the input method, the Group recognises a contract liability for the difference.

The Group typically transfers the contract assets to trade receivables when the Group received interim certificates from the customers based on the value of work certified by independent quantity surveyors. Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of the reporting period are set out as below:

	2024 HK\$'000	2023 HK\$'000
Provision of construction engineering works (Note)	<u>1,343,022</u>	<u>1,657,013</u>

Note: The amounts include the additional transaction prices of new contracts, which refer to the date of letter of award or actual commencement date of construction activities, whichever is the earliest.

Based on the information available to the Group at the end of each reporting period, the management of the Group expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of the provision of construction engineering works as at 31 March 2024 will be recognised as revenue varying from 1 to 6 years (2023: 1 to 4 years) according to the contract period.

(iv) Segment information

Information is reported to the executive directors of the Company, who are also the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group's results, assets or liabilities and no discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with HKFRS 8 *Operating Segments*.

The accounting policies for segment information are the same as Group's accounting policies described in Note 3.

(v) Geographical information

The Group principally operates in Hong Kong, which is also its place of domicile. All of the Group's revenue is derived from external customers located in Hong Kong and the Group's non-current assets are all located in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(vi) Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A	533,993	343,636
Customer B	227,386	159,726
Customer C	N/A ¹	106,712
Customer D	211,071	N/A ¹
Customer E	149,920	N/A ¹
	<u>149,920</u>	<u>N/A¹</u>

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

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Fair value loss on financial assets at fair value through profit or loss	(14,083)	(1,994)
Gain on disposals of property, plant and equipment, net	608	781
Interest income	1,536	497
Government subsidies (Note)	–	7,232
Others	556	1,155
	<u>(11,383)</u>	<u>7,671</u>

Note: Government subsidies mainly comprises of Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on		
– Bank overdrafts	878	810
– Bank loans	134	684
– Lease liabilities	284	285
	<u>1,296</u>	<u>1,779</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Income tax expense comprises:		
Hong Kong Profits Tax:		
– Current year	8,603	6,452
– Over-provision in prior years	–	(20)
	<u>8,603</u>	<u>6,432</u>
Deferred tax (Note 24)	<u>(1,037)</u>	<u>(851)</u>
	<u><u>7,566</u></u>	<u><u>5,581</u></u>

Under the two-tiered profit tax rates regime of Hong Kong Profit Tax, the First HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered tax regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the Qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

	2024 HK\$'000	2023 HK\$'000
Profit before income tax	<u>33,715</u>	<u>38,372</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	5,563	6,331
Tax effect of expenses not deductible for tax purpose	2,363	686
Tax effect of income not taxable for tax purpose	(186)	(1,221)
Over-provision in prior years	–	(20)
Effect of tax concession	(9)	(30)
Income tax at concessionary rate	<u>(165)</u>	<u>(165)</u>
Income tax expense for the year	<u><u>7,566</u></u>	<u><u>5,581</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. PROFIT BEFORE INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging:		
Auditors' remuneration	930	680
Depreciation of property, plant and equipment	11,012	11,708
Depreciation of right-of-use assets	3,777	3,550
Expenses related to short-term leases	48,884	36,860
Impairment loss allowance on trade receivables and contract assets, net of reversal	831	3,567
Cost of construction materials	374,839	239,784
Subcontracting charges	575,644	398,154
Employee benefits expense:		
– Salaries, allowances and other benefits in kind	210,082	175,298
– Equity-settled share-based payments expense	221	1,643
– Contributions to retirement benefit scheme	4,118	3,591
Total employee benefits expense, including directors' emoluments (Note 10)	214,421	180,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company and the chief executive officer of the Company are as follows:

	Fees <i>HK\$'000</i>	Salaries, allowances and other benefits in kind <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2024					
Executive directors					
Mr. KK Tsui	–	4,270	4,225	18	8,513
Mr. Tsui Tsz Yeung Ian	–	2,044	1,347	18	3,409
Ms. Tsui Wai Yeung Janis	–	1,140	185	18	1,343
Independent non-executive directors					
Mr. Lee Yan Kit	198	–	–	–	198
Mr. Lee Kin Kee	198	–	–	–	198
Mr. Kwong Ping Man	198	–	–	–	198
	<u>594</u>	<u>7,454</u>	<u>5,757</u>	<u>54</u>	<u>13,859</u>

	Fees <i>HK\$'000</i>	Salaries, allowances and other benefits in kind <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2023					
Executive directors					
Mr. KK Tsui	–	3,307	3,300	18	6,625
Mr. Tsui Tsz Yeung Ian	–	1,688	1,144	18	2,850
Ms. Tsui Wai Yeung Janis	–	1,087	92	18	1,197
Independent non-executive directors					
Mr. Lee Yan Kit	194	–	–	–	194
Mr. Lee Kin Kee	194	–	–	–	194
Mr. Kwong Ping Man	194	–	–	–	194
	<u>582</u>	<u>6,082</u>	<u>4,536</u>	<u>54</u>	<u>11,254</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Mr. Tsui Tsz Yeung Ian is the chief executive officer of the Company.

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

The discretionary bonuses are determined with reference to the performance of the employee.

During the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included two (2023: two) directors of the Company, details of whose emoluments are disclosed in Note 10. Details of the remaining three (2023: three) highest paid individuals are as follows:

	2024	2023
	HK\$'000	HK\$'000
Salaries, allowances and other benefits in kind	5,569	4,597
Discretionary bonuses	669	462
Equity-settled share-based payments expense	12	197
Contributions to retirement benefit scheme	238	54
	6,488	5,310

The number of the highest paid individuals who are not the directors of the Company whose emoluments fell within the following band:

	Number of individuals	
	2024	2023
HK\$1,500,001-HK\$2,000,000	1	2
HK\$2,000,001-HK\$2,500,000	1	1
HK\$2,500,001-HK\$3,000,000	1	-

During the years ended 31 March 2024 and 2023, no emoluments was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or any of the five highest paid individuals waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>26,149</u>	<u>32,791</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,566,769	1,564,556
Effect of dilutive potential ordinary shares:		
Share awards	<u>2,172</u>	<u>1,905</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,568,941</u>	<u>1,566,461</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share was derived after deducting the shares held by the trustee for the Share Award Scheme of the Company as defined and described in Note 27.

The weighted average number of ordinary shares for the purpose of diluted earnings per share for the years ended 31 March 2024 and 2023 were derived after deducting the shares held by the trustee for the Share Award Scheme of the Company, and the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the shares under Share Award Scheme of the Company.

13. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2022	38,450	10,446	2,633	17,861	69,390
Additions	2,413	15	–	1,599	4,027
Transfer from right-of-use assets	–	–	–	982	982
Disposals	(10,682)	(7,442)	–	(1,786)	(19,910)
At 31 March 2023 and 1 April 2023	30,181	3,019	2,633	18,656	54,489
Additions	837	–	–	757	1,594
Transfer from right-of-use assets	–	–	–	4,830	4,830
Disposals	(1,087)	–	–	(1,872)	(2,959)
At 31 March 2024	29,931	3,019	2,633	22,371	57,954
Accumulated depreciation					
At 1 April 2022	21,631	9,047	1,528	11,106	43,312
Provided for the year	7,308	719	591	3,090	11,708
Transfer from right-of-use assets	–	–	–	443	443
Eliminated on disposals	(10,518)	(7,418)	–	(1,682)	(19,618)
At 31 March 2023 and 1 April 2023	18,421	2,348	2,119	12,957	35,845
Provided for the year	6,957	340	467	3,248	11,012
Transfer from right-of-use assets	–	–	–	2,746	2,746
Eliminated on disposals	(1,074)	–	–	(1,630)	(2,704)
At 31 March 2024	24,304	2,688	2,586	17,321	46,899
Carrying amounts					
At 31 March 2024	5,627	331	47	5,050	11,055
At 31 March 2023	11,760	671	514	5,699	18,644

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

Plant and machinery	25%
Furniture and fixtures	20% to 25%
Leasehold improvements	Over the shorter of lease term or 25%
Motor vehicles	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. RIGHT-OF-USE ASSETS

	Leased properties <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2024			
Carrying amounts	<u>42</u>	<u>7,029</u>	<u>7,071</u>
At 31 March 2023			
Carrying amounts	<u>700</u>	<u>7,069</u>	<u>7,769</u>
For the year ended 31 March 2024			
Additions	–	5,163	5,163
Transfer to property, plant and equipment	–	(2,084)	(2,084)
Depreciation charge	<u>(658)</u>	<u>(3,119)</u>	<u>(3,777)</u>
For the year ended 31 March 2023			
Additions	1,315	2,997	4,312
Transfer to property, plant and equipment	–	(539)	(539)
Depreciation charge	<u>(657)</u>	<u>(2,893)</u>	<u>(3,550)</u>
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Total cash outflow for leases		<u>54,262</u>	<u>42,309</u>

The Group leases various offices and motor vehicles for its operations. Lease contracts are entered into for a fixed term of 2 to 3 years (2023: 2 to 3 years). Lease terms are negotiated on an individual basis and contain different terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Key management personnel life insurance policy	(a)	593	524
Unlisted investment fund outside Hong Kong		13,669	27,821
		14,262	28,345
Analysed for reporting purposes as:			
Current assets		13,669	27,821
Non-current assets		593	524
		14,262	28,345

Note:

- (a) The Group entered into a life insurance policy with an insurance company to insure against the death of an executive director.

Under the policy, the beneficiary and policy holder are Richwell Civil Engineering Limited, a wholly-owned subsidiary of the Company, and the total insured sum is the higher of (i) 105% of the net premium paid; or (ii) guaranteed cash value; and plus the accumulated guarantee cash coupon (if any), accumulated dividends and interest (if any) and terminal dividend (if any), less any indebtedness. The Group is required to pay an annual premium for a period of three years from the inception of the policy. The contracts will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contracts. The Group may request a surrender of the contract at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the guarantee cash value plus the accumulated guarantee cash coupon (if any), accumulated dividends and interest (if any) and terminal dividend (if any), less any indebtedness. A guaranteed interest rate of 3% per annum applied to the 2nd to 7th contract year, 8% per annum for the 8th to 15th contract year and followed by 12% per annum for the following contract years until termination. The fair value is based on redemption value quoted by the insurance company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	96,283	66,381
Less: Loss allowance	(1,013)	(95)
	95,270	66,286

As at 1 April 2022, trade receivables arising from contracts with customers net of loss allowance amounted to approximately HK\$76,293,000.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of the Group's trade receivables, net of loss allowance, presented based on the payment certificate date at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	67,450	46,629
31-60 days	20,849	11,851
61-90 days	296	5,453
Over 90 days	6,675	2,353
	95,270	66,286

As at 31 March 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$22,565,000 (2023: HK\$16,061,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$991,000 (2023: HK\$2,353,000) has been past due 90 days or more and is not considered as in default based on good payment history and the Group is still engaging with the debtors in active projects. The Group does not charge interest nor hold any collateral over these balances.

Details of impairment assessment on trade receivables are set out in Note 33.

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For the year ended 31 March 2024

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other receivables	19,334	17,228
Other deposits	3,034	5,782
Prepayments	26,979	23,799
Utility deposits	2,232	2,035
	<u>51,579</u>	<u>48,844</u>

Included in other receivables of the Group as at 31 March 2024 was amount due from a partner of joint operations of approximately HK\$15,351,000 (2023: HK\$15,160,000). The amount due is unsecured, interest-free and repayable on demand.

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following is the analysis of the contract assets and contract liabilities:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets	344,022	296,016
Less: Loss allowance	<u>(7,853)</u>	<u>(7,940)</u>
	<u>336,169</u>	<u>288,076</u>
Contract liabilities	<u>73,984</u>	<u>123,951</u>

As at 1 April 2022, contract assets and contract liabilities amounted to approximately HK\$263,259,000 and HK\$106,060,000, respectively.

Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of construction engineering works, which arise when: (i) the Group completed the relevant construction works under such contracts and pending for the certification by the customers; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Contract assets are reclassified to trade receivables when the rights become unconditional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets (Continued)

The Group's contract assets are analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Retention receivables	91,893	76,257
Others (Note)	<u>244,276</u>	<u>211,819</u>
	<u><u>336,169</u></u>	<u><u>288,076</u></u>

Note: It represents the revenue not yet been billed to the customers which the Group has completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers.

Changes of contract assets were mainly due to the change in: (1) the amount of retention receivables (generally at certain percentage of total contract sum) in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) the size and number of contract works that the relevant services were completed but yet certified by architects, surveyors or other representatives appointed by the customers at the end of the reporting period.

Included in the Group's contract assets are the retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period. The balances are classified as current as they are expected to be received in its normal operating cycle.

As at 31 March 2024, retention receivables amounting to approximately HK\$23,408,000 (2023: HK\$15,226,000) were expected to be received within twelve months after the end of the reporting period.

Details of impairment assessment on contract assets are set out in Note 33.

Contract liabilities

The contract liabilities represent the Group's obligations to transfer services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progress of contract works.

Contract liabilities which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from provision of construction engineering works recognised during the year ended 31 March 2024 that was included in the contract liabilities at the beginning of the year was approximately HK\$101,734,000 (2023: HK\$74,382,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank balances and cash	131,386	160,133
Pledged bank deposits	<u>–</u>	<u>3,413</u>
	131,386	163,546
Less:		
Bank overdrafts	(19,618)	(15,721)
Pledged bank deposits for banking facilities	<u>–</u>	<u>(3,413)</u>
Bank deposit with original maturity over three months	(2,400)	<u>–</u>
Cash and cash equivalents	<u>109,368</u>	<u>144,412</u>

Bank balances and cash represent cash held by the Group and bank balances included in the bank balances of a fixed deposit of approximately HK\$2,400,000 (2023: Nil) with an original maturity of over three months bear interest at 4.66% (2023: Nil) per annum. Bank balances carry interest rates ranging from 0.50% to 1.81% (2023: 0.63% to 3.02%) per annum.

As at 31 March 2023, the interest rate on pledged bank deposit was 0.63% per annum. The deposits have a maturity within 3 months.

21. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	75,829	84,543
Retention payables (Note)	56,176	40,011
Accruals and other payables	<u>97,343</u>	<u>48,026</u>
	<u>229,348</u>	<u>172,580</u>

Note: The balances represent retention payables to subcontractors which are interest-free and payable at the end of the defect liability period of individual contracts. All retention payables are expected to be settled within one year based on the expiry date of the defect liability period.

Included in accruals and other payables of the Group as at 31 March 2024 was amounts due to partners of joint operations of approximately HK\$18,207,000 (2023: HK\$17,196,000). The amount due is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

21. TRADE AND OTHER PAYABLES (Continued)

The credit period granted to the Group by its suppliers and subcontractors in general ranges from 30 to 60 days. The aged analysis of the Group's trade payables below is presented based on the invoice date at the end of each reporting period:

	2024 HK\$'000	2023 HK\$'000
0-30 days	25,211	44,126
31-60 days	37,555	35,687
61-90 days	3,229	948
Over 90 days	9,834	3,782
	<u>75,829</u>	<u>84,543</u>

22. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank overdrafts	19,618	15,721
Bank loans – secured	–	12,292
	<u>19,618</u>	<u>28,013</u>

The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable based on scheduled repayment dates set out in the loan agreements:

- within one year

	2024 HK\$'000	2023 HK\$'000
	–	12,292
	<u>–</u>	<u>12,292</u>

Notes:

- (i) Bank overdrafts carry interests ranging from 3.88% to 5.88% (2023: 4.00% to 7.14%) per annum and were repayable on demand.
- (ii) The Group's bank loans of approximately HK\$12,292,000 as at 31 March 2023 contained a repayment on demand clause. The effective interest rate on the bank loans were ranging from 3.12% to 6.01% per annum as at 31 March 2023.
- (iii) As at 31 March 2024, the banking facilities of the Group were secured by corporate guarantee executed by the Company.

As at 31 March 2023, the banking facilities of the Group were secured by (1) pledged bank deposits of approximately HK\$3,413,000; and (2) corporate guarantee executed by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

23. LEASE LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	2,907	3,866
Within a period of more than one year but not exceeding two years	1,093	846
Within a period of more than two years but not exceeding five years	76	–
	4,076	4,712
Less: Amount due for settlement with 12 months shown under current liabilities	(2,907)	(3,866)
Amount due for settlement after 12 months shown under non-current liabilities	1,169	846

Restriction or covenants on lease

As at 31 March 2024, lease liabilities of approximately HK\$4,032,000 (2023: HK\$3,797,000) are recognised with related right-of-use assets of approximately HK\$6,808,000 (2023: HK\$5,795,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

24. DEFERRED TAXATION

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 balances for financial reporting purposes:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deferred tax assets	177	72
Deferred tax liabilities	(966)	(1,898)
	(789)	(1,826)

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For the year ended 31 March 2024

24. DEFERRED TAXATION *(Continued)*

The following are the deferred tax liabilities/(assets) recognised and movements thereon:

	Accelerated tax depreciation <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022	3,018	(341)	2,677
(Credited)/charged to profit or loss (Note 8)	<u>(867)</u>	<u>16</u>	<u>(851)</u>
At 31 March 2023 and 1 April 2023	2,151	(325)	1,826
(Credited)/charged to profit or loss (Note 8)	<u>(1,099)</u>	<u>62</u>	<u>(1,037)</u>
At 31 March 2024	<u>1,052</u>	<u>(263)</u>	<u>789</u>

25. SHARE CAPITAL

Details of the movement of the share capital of the Company are as follows:

	Number of ordinary shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,600,000,000</u>	<u>16,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

26. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the then sole shareholder of the Company passed on 21 September 2020. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including employees, directors, consultants or advisers, suppliers, distributors, contractors, agents, business partners or service providers, customers and any substantial shareholders of the Group, options to subscribe for shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant, any further grant of options in excess of this 1% limit shall be subject to the approval of Company's shareholders in a general meeting.

No share option has been granted by the Company since the adoption of the Scheme and there is no outstanding share options as at 31 March 2024 and 2023.

27. SHARE AWARD SCHEME

On 22 November 2021, the board of directors of the Company has adopted a share award scheme as a mean (i) to recognise the contributions by certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group (the "**Share Award Scheme**").

Subject to any early termination as may be determined by the board of directors, the Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date. The board of directors of the Company shall not make any further award of awarded shares which will result in the nominal value of the shares awarded by the board of directors of the Company under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The shares to be awarded under the Share Award Scheme (the "**Awarded Shares**") will either be acquired by the trustee of the Share Award Scheme (the "**Trustee**") from the open market or be new shares allotted and issued to the Trustee under general mandates granted by shareholders of the Company to the directors at general meetings of the Company from time to time. The Trustee will hold the Awarded Shares in trust for the awardees until such shares are vested with the awardees in accordance with the provisions of the Share Award Scheme. The Trustee shall not exercise the voting rights in respect of any shares held under the trust.

On 20 November 2023, the board of directors of the Company resolved to amend the terms of the Share Award Scheme to the effect that the Trustee is only allowed to purchase existing shares on the Stock Exchange to satisfy awards granted under the Share Award Scheme, such that the Share Award Scheme would become a share scheme that is funded only by existing shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

27. SHARE AWARD SCHEME (Continued)

During the year ended 31 March 2024, the Group purchased Nil (2023: 24,000,000) ordinary shares for Share Award Scheme through the trustee from open market. The total amount paid to acquire the shares was approximately HK\$6,013,000 and has been deducted from equity and such shares were classified as shares held for share award scheme during the year ended 31 March 2023. As at 31 March 2024, there were 32,678,000 (2023: 33,960,000) ordinary shares held through the trustee of the Share Award Scheme.

During the year ended 31 March 2023, 8,560,000 Awarded Shares were granted to selected participants pursuant to the Share Award Scheme. Details of the Awarded Shares under the Share Award Scheme during the year ended 31 March 2024 and 2023 are as follows:

Category	Date of grant	Vesting period	Number of awarded shares				As at 31 March 2024
			As at 1 April 2023	Granted during the year	Vested during the year	Lapsed during the year	
Employees	24 June 2022	1 August 2022 to 31 July 2025 (Note b)	2,460,000	–	(696,000)	(196,000)	1,568,000
		1 August 2023 to 31 July 2025 (Note c)	620,000	–	(186,000)	(56,000)	378,000
			<u>3,080,000</u>	<u>–</u>	<u>(882,000)</u>	<u>(252,000)</u>	<u>1,946,000</u>

Category	Date of grant	Vesting period	Number of awarded shares				As at 31 March 2023
			As at 1 April 2022	Granted during the year	Vested during the year	Lapsed during the year	
Employees	24 June 2022	1 August 2022 (Note a)	–	1,380,000	(1,380,000)	–	–
		1 August 2022 to 31 July 2025 (Note b)	–	6,440,000	(3,980,000)	–	2,460,000
		1 August 2023 to 31 July 2025 (Note c)	–	740,000	–	(120,000)	620,000
			<u>–</u>	<u>8,560,000</u>	<u>(5,360,000)</u>	<u>(120,000)</u>	<u>3,080,000</u>

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For the year ended 31 March 2024

27. SHARE AWARD SCHEME *(Continued)*

Notes:

- (a) The Awarded Shares shall, subject to the satisfaction of the vesting conditions, be vested on 1 August 2022.

Vesting conditions: Remain employment with the Group.

- (b) The Awarded Shares shall, subject to the satisfaction of the vesting conditions, be vested in accordance with the following schedule:

- (i) approximately 61.8% of the Awarded Shares shall be vested on 1 August 2022;
- (ii) approximately 11.5% of the Awarded Shares shall be vested on 1 August 2023;
- (iii) approximately 11.5% of the Awarded Shares shall be vested on 1 August 2024; and
- (iv) approximately 15.2% of the Awarded Shares shall be vested on 1 August 2025

Vesting conditions: Remain employment with the Group.

- (c) The Awarded Shares shall, subject to the satisfaction of the vesting conditions, be vested in accordance with the following schedule:

- (i) approximately 30% of the Awarded Shares shall be vested on 1 August 2023;
- (ii) approximately 30% of the Awarded Shares shall be vested on 1 August 2024; and
- (iii) approximately 40% of the Awarded Shares shall be vested on 1 August 2025

Vesting conditions: Remain employment with the Group.

The fair value per share of HK\$0.246 was based on the closing price per share at the date of grant.

No shares had been awarded by the board of directors of the Company under the Share Award Scheme during the year ended 31 March 2024 and 2023.

As at 31 March 2024, the Group has recognised an equity-settled share-based payments expense of approximately HK\$221,000 (2023: HK\$1,643,000) for the Awarded Shares under the Share Award Scheme in profit or loss. 400,000 fully vested Awarded Shares have not been transferred to the grantees in accordance with their instructions at no cost for the year ended 31 March 2023.

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28. RETIREMENT BENEFIT PLAN

The Group participates in an Mandatory Provident Fund (“MPF”) scheme established under the Mandatory Provident Fund Scheme Ordinance for its qualified employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF scheme is to make the required contributions. The cap of contribution amount is HK\$1,500 per employee per month. Contributions to the plan vest immediately. During the years ended 31 March 2024 and 2023, the Group had no forfeited contributions under the MPF scheme and there were no forfeited contributions available for the Group to reduce the existing level of contributions to the MPF scheme as at 31 March 2024 and 2023.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK\$4,118,000 (2023: HK\$3,591,000) for the year ended 31 March 2024 and represent contributions paid or payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

29. CAPITAL COMMITMENT

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements

2024 HK\$'000	2023 HK\$'000
<u>3,337</u>	<u>2,830</u>

30. JOINT OPERATIONS

As at 31 March 2024 and 2023, the Group had interests in the following principal joint operations:

Name of joint operation	Form of business structure	Place of operation	Attributable interest to the Group		Principal activities
			2024	2023	
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	38%	38%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	20%	20%	Civil engineering

The directors of the Company are of the view that entering into above joint operations act as an important marketing and expanding strategy in developing its construction businesses. For the year ended 31 March 2024, the Group’s revenue included amounts derived through the entering into of these joint operations of approximately HK\$484,395,000 (2023: HK\$342,432,000).

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For the year ended 31 March 2024

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the years ended 31 March 2024 and 2023:

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Expense relates to short-term leases:</i>			
Fame Most Limited	(i) & (ii)	<u>1,372</u>	<u>1,349</u>

Notes:

- (i) The rental expenses were charged based on the agreements entered between the parties involved.
- (ii) Fame Most Limited is indirectly wholly-owned by Mr. KK Tsui.

Compensation of key management personnel

Key management includes executive directors of the Company and senior management of the Group. The remuneration of key management during the years ended 31 March 2024 and 2023 are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	18,188	15,078
Post-employment benefits	108	108
Equity-settled share-based payments expense	<u>25</u>	<u>373</u>
	<u>18,321</u>	<u>15,559</u>

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes borrowings as disclosed in Note 22, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

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For the year ended 31 March 2024

32. CAPITAL RISK MANAGEMENT *(Continued)*

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Debts	19,618	28,013
Less: Bank balances and cash	<u>(131,386)</u>	<u>(160,133)</u>
Net debt	(111,768)	(132,120)
Total equity	<u>315,031</u>	<u>288,661</u>
Net debt-to-equity ratio	<u>N/A</u>	<u>N/A</u>

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial assets		
<i>Financial assets at amortised cost</i>	251,687	255,172
<i>Financial assets at FVTPL</i>	<u>14,262</u>	<u>28,345</u>
Financial liabilities		
<i>Financial liabilities at amortised cost</i>	<u>253,042</u>	<u>205,305</u>

Financial risk management objectives and policies

The Group's financial instruments include deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, pledged bank deposits, bank balances and cash, trade and other payables, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate pledged bank deposits, bank deposit, borrowings and lease liabilities. The Group currently does not have any interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings at the end of the reporting period. The analysis is prepared assuming the financial instrument outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease are used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate on variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant at the end of the reporting period, the Group's profit before income tax for the year ended 31 March 2024 would decrease/increase by approximately HK\$98,000 (2023: HK\$129,000). This is mainly attributable to the Group's exposure to its variable-rate borrowings.

No sensitivity analysis has been prepared for the exposure to interest rate risk on the Group's bank balances as the management considers that the exposure is minimal.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in unlisted investment fund measured at FVTPL. The management of the Group manages this exposure by maintaining a portfolio of investments with different risks and return profiles and monitor the price risk and will consider hedging the risk exposure should the need arises.

The sensitivity analyses have been determined based on the exposure to equity price risk in respect of the unlisted investment fund at the reporting date. If the prices of the respective investment fund had been 10% higher/lower, the Group's profit before tax for the year ended 31 March 2024 would increase/decrease by approximately HK\$1,367,000 (2023: HK\$2,781,000).

In the opinion of the management, the sensitivity analysis is unrepresentative of the price risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, contract assets, pledged bank deposits and bank balances.

The Group has concentration of credit risks with exposure limited to certain customers. The top three debtors of trade receivables and contract assets comprised approximately 61% (2023: 78%) and 71% (2023: 56%) of the Group's trade receivables and contract assets, respectively and the top five debtors of trade receivables and contract assets comprised approximately 79% (2023: 98%) and 87% (2023: 77%) of the Group's trade receivables and contract assets, respectively as stated in Note 17 and Note 19, respectively as at 31 March 2024. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts on trade receivables and contract assets.

The credit risk for bank balances and pledged bank deposits is considered not significant as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

For other receivables and deposits, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

At 31 March 2024	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	Average expected credit loss rate
Financial assets at amortised cost				
Deposits for acquisition of property, plant and equipment	Low risk	12-month ECL	431	N/A
Trade receivables	Low risk	Lifetime ECL (not credit-impaired)	72,907	0.3%
	Watch list	Lifetime ECL (not credit-impaired)	22,688	0.6%
	Loss	Lifetime ECL (credit-impaired)	688	96.5%
Other receivables and deposits	Low risk	12-month ECL	24,600	N/A
Bank balances and cash	Low risk	12-month ECL	131,386	N/A
Other item				
Contract assets	Low risk	Lifetime ECL (not credit-impaired)	336,551	0.1%
	Loss	Lifetime ECL (credit-impaired)	7,471	100%
At 31 March 2023				
Financial assets at amortised cost				
Deposits for acquisition of property, plant and equipment	Low risk	12-month ECL	295	N/A
Trade receivables	Low risk	Lifetime ECL (not credit-impaired)	64,009	0.1%
	Watch list	Lifetime ECL (not credit-impaired)	2,372	0.8%
Other receivables and deposits	Low risk	12-month ECL	25,045	N/A
Pledged bank deposits	Low risk	12-month ECL	3,413	N/A
Bank balances and cash	Low risk	12-month ECL	160,133	N/A
Other item				
Contract assets	Low risk	Lifetime ECL (not credit-impaired)	288,145	0.6%
	Loss	Lifetime ECL (credit-impaired)	7,871	77.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (1) For trade receivables and contract assets, the Group has applied the simplified approach in accordance with HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually and/or collectively with appropriate groupings based on same risk characteristic.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach:

	Trade receivables		Contract assets		Total HK\$'000
	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
At 1 April 2022	141	5,648	1,900	–	7,689
Changes due to financial instruments recognised at 1 April 2022:					
– Transfer to credit-impaired	–	–	(59)	59	–
– Impairment losses reversed	(141)	(2,427)	(1,045)	–	(3,613)
– Impairment losses recognised	95	–	1,012	6,073	7,180
– Write-offs	–	(3,221)	–	–	(3,221)
At 31 March 2023 and 1 April 2023	95	–	1,808	6,132	8,035
Changes due to financial instruments recognised at 1 April 2023:					
– Impairment losses reversed	(95)	–	(1,426)	–	(1,521)
– Impairment losses recognised	349	664	–	1,339	2,352
At 31 March 2024	349	664	382	7,471	8,866

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

- (2) For other receivables and deposits, the Group measures the loss allowance equal to 12-month ECL. The Group applies internal credit risk management to assess whether credit risks has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. The credit risk on other receivables and deposits is limited having considered the credit quality of the counterparties and the probability of default is negligible. Therefore, no loss allowance is made on these balances.
- (3) Pledged bank deposits and bank balances are deposited with financial institutions with high credit rating and are considered low credit risk financial assets. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of high-credit ratings. Therefore, no loss allowance is made on these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

As at 31 March 2024, the Group has available unutilised overdrafts and bank loans facilities of approximately HK\$121,748,000 (2023: HK\$104,279,000).

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans and bank overdrafts with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

	Weighted average interest rate %	On demand or within 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Non-derivative financial liabilities						
At 31 March 2024						
Trade and other payables	N/A	229,348	–	–	229,348	229,348
Borrowings						
– Bank overdrafts	5.11	19,618	–	–	19,618	19,618
Lease liabilities	7.04	3,073	1,132	77	4,282	4,076
Total		<u>252,039</u>	<u>1,132</u>	<u>77</u>	<u>253,248</u>	<u>253,042</u>
At 31 March 2023						
Trade and other payables	N/A	172,580	–	–	172,580	172,580
Borrowings						
– Bank overdrafts	4.84	15,721	–	–	15,721	15,721
– Bank loans	5.5	12,292	–	–	12,292	12,292
Lease liabilities	4.66	3,984	854	–	4,838	4,712
Total		<u>204,577</u>	<u>854</u>	<u>–</u>	<u>205,431</u>	<u>205,305</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank loans with a repayable on demand clause are included in “on demand or within 1 year” time band in the above maturity analysis. As at 31 March 2023, the aggregated carrying amounts of these bank loans amounted to approximately HK\$12,292,000. Taking into account the Group’s financial position, the directors do not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in Note 22.

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

	Within 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Total carrying amount <i>HK\$'000</i>
At 31 March 2023					
Bank loans	12,346	–	–	12,346	12,292

Fair value measurements of financial instruments

Fair value of the Group’s financial assets that are measured at fair value on recurring basis

The Group’s financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Level 1	–	fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2	–	fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	–	fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on recurring basis (Continued)

The financial assets measured at fair value are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2024				
<i>Financial assets at FVTPL</i>				
– Key management personnel life insurance policy	–	593	–	593
– Unlisted investment fund	–	13,669	–	13,669
	–	14,262	–	14,262

As at 31 March 2023

Financial assets at FVTPL

– Key management personnel life insurance policy	–	524	–	524
– Unlisted investment fund	–	27,821	–	27,821
	–	28,345	–	28,345

The fair value of the key management personnel life insurance policy is determined by reference to the redemption value quoted by the insurance company.

The fair value of the investment in the unlisted investment fund is based on the net assets value of the fund, which takes into consideration the fair value of the underlying assets and liabilities of the unlisted investment fund. The units are redeemable at the option of the unitholder based on net asset value.

During the years ended 31 March 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities <i>HK\$'000</i>	Bank loans <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022	5,810	12,480	18,290
Financing cash flows	(5,449)	(872)	(6,321)
New leases entered	4,066	–	4,066
Interest expenses recognised	285	684	969
At 31 March 2023 and 1 April 2023	4,712	12,292	17,004
Financing cash flows	(5,378)	(12,426)	(17,804)
New leases entered	4,458	–	4,458
Interest expenses recognised	284	134	418
At 31 March 2024	4,076	–	4,076

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid share capital	Equity interests attributable to owners of the Company		Principal activities
			2024	2023	
Directly held:					
Lion Brave Group Limited	BVI	US\$100	100%	100%	Investment holding
Sheen Cedar Investments Limited	BVI	US\$100	100%	100%	Investment holding
Lofty Wisdom Holdings Limited	BVI	US\$100	100%	100%	Investment holding
Indirectly held:					
Richwell Engineering Limited	Hong Kong	HK\$17,400,000	100%	100%	Construction engineering works
Richwell Civil Engineering Limited	Hong Kong	HK\$9,200,000	100%	100%	Construction engineering works
Time Concept Construction Limited	Hong Kong	HK\$10,000	100%	100%	Subcontracting services for construction works

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	<u>194,141</u>	<u>194,141</u>
Current assets		
Other receivables and prepayments	449	527
Amounts due from subsidiaries	41,658	41,658
Bank balances	<u>1,086</u>	<u>818</u>
	<u>43,193</u>	<u>43,003</u>
Total assets	<u>237,334</u>	<u>237,144</u>
Current liabilities		
Other payables and accruals	1,120	760
Amounts due to subsidiaries	<u>16,286</u>	<u>16,683</u>
	<u>17,406</u>	<u>17,443</u>
Net current assets	<u>25,787</u>	<u>25,560</u>
Net assets	<u>219,928</u>	<u>219,701</u>
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	16,000	16,000
Reserves	<u>203,928</u>	<u>203,701</u>
Total equity	<u>219,928</u>	<u>219,701</u>

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 21 June 2024 and signed on its behalf by:

Mr. Tsui Kai Kwong
Director

Mr. Tsui Tsz Yeung Ian
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

A summary of the Company's reserves are as follows:

	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Share award reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2022	69,814	(3,638)	–	137,732	4,470	208,378
Loss and total comprehensive expense for the year	–	–	–	–	(307)	(307)
Purchase of shares under share award scheme (Note 27)	–	(6,013)	–	–	–	(6,013)
Recognition of equity-settled share-based payments expense (Note 27)	–	–	1,643	–	–	1,643
Transfer of shares upon vesting of share awards of share award scheme	–	1,230	(1,220)	–	(10)	–
At 31 March 2023 and 1 April 2023	69,814	(8,421)	423	137,732	4,153	203,701
Profit and total comprehensive income for the year	–	–	–	–	6	6
Recognition of equity-settled share-based payments expense (Note 27)	–	–	221	–	–	221
Transfer of shares upon vesting of share awards of share award scheme	–	318	(315)	–	(3)	–
At 31 March 2024	69,814	(8,103)	329	137,732	4,156	203,928

37. EVENT AFTER THE REPORTING PERIOD

On 3 May 2024, Time Concept Construction Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company, entered into a purchase agreement with Fame Most Limited, a company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by Mr. Tsui Kai Kwong, to acquire the property located at Unit No.07 on the 19th floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, at a consideration of approximately HK\$6,110,000.

FINANCIAL SUMMARY

A summary of the results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and the Prospectus, is set out below. The summary below does not form part of the audited consolidated financial statements.

Results

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	1,366,939	956,498	994,240	634,448	609,195
Gross profit	81,085	71,642	86,757	67,383	74,921
Profit before income tax	33,715	38,372	48,606	57,036	49,381
Income tax expense	(7,566)	(5,581)	(7,376)	(9,163)	(8,932)
Profit and total comprehensive income for the year attributable to owners of the Company	<u>26,149</u>	<u>32,791</u>	<u>41,230</u>	<u>47,873</u>	<u>40,449</u>

Assets, liabilities and equity

	At 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	647,622	623,614	553,230	370,939	247,638
Total liabilities	(332,591)	(334,953)	(292,990)	(143,291)	(135,677)
Total equity	<u>315,031</u>	<u>288,661</u>	<u>260,240</u>	<u>227,648</u>	<u>111,961</u>