WMHW Holdings Limited
萬 民 好 物 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8217)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of WMHW Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024 (the "Reporting Period") together with the comparative audited figures for the year ended 31 March 2023. The financial information has been approved by the Board.

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	*3*	**35,141**	104,601
Cost of services provided		**(33,261)**	(107,479)
Gross profit/(loss)		**1,880**	(2,878)
Other income		**1,188**	4,263
Other gains or losses, net	*5*	**(13,287)**	(827)
Impairment losses reversed/(recognised) under expected credit loss model, net	*6*	**1,073**	(4,000)
Administrative and other operating expenses		**(7,567)**	(5,800)
Loss from operations		**(16,713)**	(9,242)
Finance costs		**(720)**	(721)
Loss before tax	*7*	**(17,433)**	(9,963)
Income tax expenses	*8*	**–**	–
Loss and total comprehensive expense for the year attributable to owners of the Company		**(17,433)**	(9,963)
		HK cents	*HK cents*
Loss per share	*9*		
Basic and diluted		**(5.78)**	(3.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**243**	323
Right-of-use assets		**–**	–
		243	323
Current assets			
Contract assets		**14,680**	24,429
Contract costs		**2,221**	1,521
Trade and other receivables	*11*	**37,695**	35,026
Financial assets at fair value through profit or loss		**22,710**	36,063
Cash and bank balances		**4,005**	8,152
		81,311	105,191
Current liabilities			
Contract liabilities		**1,517**	1,517
Trade and other payables	*12*	**32,029**	30,787
Amount due to a former shareholder		**2,264**	10,033
Bond payables		**12,000**	12,000
Tax payables		**627**	627
		48,437	54,964
Net current assets		**32,874**	50,227
Net assets		**33,117**	50,550
CAPITAL AND RESERVES			
Share capital	*13*	**48,298**	48,298
Reserves		**(15,181)**	2,252
Total equity		**33,117**	50,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

WMHW Holdings Limited (formerly known as ”Luen Wong Group Holdings Limited”, the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the Company’s registered office and principal place of business are set out in “Corporation Information” section.

Pursuant to the special resolution of the shareholders of the Company on 22 September 2023, the name of the Company has been changed from “Luen Wong Group Holdings Limited” to “WMHW Holdings Limited ” and the dual foreign name in Chinese of the Company had been changed from “聯旺集團控股有限公司” to “萬民好物控股有限公司”.

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

The consolidated financial statements are presented in Hong Kong dollar (“HK$”), which is also the functional currency of the Company and all values are rounded to nearest thousands of units of HK$ (“HK$’000”), unless otherwise stated.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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.

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.

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

Revenue from contracts with customers

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

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct 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 service.

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

A contract liability represents the Group's obligation to transfer 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.

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

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

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

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

Output method

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

Contract costs

Costs to fulfil a contract

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

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

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

Employee benefits

Retirement benefit obligations

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

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, with the employers’ contributions subject to a cap of monthly relevant income of HK$30,000. The Group’s contributions to the scheme are expensed as incurred and vested in accordance with the scheme’s vesting scales. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Short-term and other long-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.

Certain of the Group’s employees have completed the required number of years of service to the Group in order to be eligible for long service payment under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payment in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

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

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Income tax expense

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items 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 or when there are sufficient deferred tax liabilities, which are expected to reverse in the same period as the deferred tax asset is expected to reverse. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that whether there are sufficient deferred tax liabilities, which are expected to reverse in the same period as the deferred tax asset is expected to reverse affects neither the taxable profit nor the accounting profit.

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in 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.

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

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.

The principal annual rates used for this purpose are as follows:

Land and building	5%
Furniture and equipment	10%
Site equipment	10%
Motor vehicles	20%

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

Impairment on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment 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 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 (the "CGU") to which the asset belongs.

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

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 CGU) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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 the 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 (when the effect of the time value of money is material).

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 settlement 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 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 at FVTPL are recognised immediately in profit or loss.

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.

All other financial assets are subsequently measured at FVTPL.

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.

A financial asset is classified and measured at FVTPL when it is held for trading.

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 is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) 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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the net carrying amount 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.

(ii) 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 and is included in the "other gains or losses, net" line item.

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables (excluded prepayment) and bank balances) and contract assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period 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 ("12m") 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment 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 end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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 end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 45 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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 2 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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

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 rating 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 net carrying amount of the financial asset.

The Group recognises an impairment or reversal of impairment 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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as 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 the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables (excluded accrued staff costs and provision for long services payment), amount due to a former shareholder and bond payables) 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.

Government grants

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

Government grants relate 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".

Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements during the reporting period in which the change occurs.

Contingent liabilities

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

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

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services and the methods used to distribute the products or provide the services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related party

A person or an entity is considered to be related to the Group as follows:

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(b) An entity is related to the Group if 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 fellow 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) Both entities 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 party.
- (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).
- (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

3. REVENUE

Revenue represents the consideration received and receivable from the provision of civil engineering works and provision of decoration and renovation works.

Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Type of services		
Provision of civil engineering works	**3,810**	22,416
Provision of decoration and renovation works	**31,331**	82,185
Revenue from contracts with customers recognised over time	**35,141**	104,601

Performance obligations for contracts with customers

The Group provides civil engineering works and decoration and renovation works. 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 Group performs. Revenue is recognised for these contract works based on the stage of completion of the contract using output method. Contracts with the Group's customers are agreed in fixed-price.

The Group's contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset is recognised over the period in which the contract services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 0.5 to 2 years (2023: 0.5 to 2 years) from the date of the practical completion of the contract works. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the contract services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected turning of recognising revenue are as follows:

31 March 2024

	Civil engineering works *HK$'000*	**Decoration and renovation works** *HK$'000*	**Total** *HK$'000*
Within one year	**–**	**67,847**	**67,847**

31 March 2023

	Civil engineering works *HK$'000*	Decoration and renovation works *HK$'000*	Total *HK$'000*
Within one year	–	43,364	43,364
More than one year but not more than two years	–	4,052	4,052
	–	47,416	47,416

4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of civil engineering works and decoration and renovation works. This operating segment has been identified on the basis of internal management reports reviewed by the information reported to the executive directors, being the chief operating decision makers (the "CODM"). The CODM mainly reviews revenue derived from the construction works. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, other than the entity-wide disclosure, geographical information and major customers, no segment analysis is presented.

Geographical information

The Group's operations are located in Hong Kong and all of the Group's revenue were derived from Hong Kong. The Group's non-current assets are located in Hong Kong.

Major customers

Revenue from customers of the years ended 31 March 2024 and 2023 contributed over 10% of the Group's revenue are as follows:

	2024 *HK$'000*	2023 *HK$'000*
Customer A *(note)*	**–**	19,480
Customer B	**31,332**	81,485

Except for disclosed above, no other customer contributing over 10% of total revenue of the Group for both years.

Note: The revenue of customer A did not over 10% of total revenue of the Group during the year ended 31 March 2024.

5. OTHER GAINS OR LOSSES, NET

	2024 *HK$'000*	2023 *HK$'000*
Changes in fair value of financial assets at fair value through profit or loss	**(13,287)**	(1,386)
Gain on disposal of property, plant and equipment	**–**	796
Loss on disposal of right-of-use assets	**–**	(237)
	(13,287)	(827)

6. IMPAIRMENT LOSSES REVERSED/(RECOGNISED) UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024 *HK$'000*	2023 *HK$'000*
Written off of trade receivables	**(380)**	–
Impairment losses reversed/(recognised) on expected credit losses model:		
Trade receivables	**2,589**	2,109
Contract assets	**(772)**	(6,131)
Deposits and other receivables	**(364)**	22
	1,073	(4,000)

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

(a) Finance costs

	2024	2023
	HK$'000	*HK$'000*
Interests on lease liabilities	**–**	1
Interest on bond payables	**720**	720
	720	721

(b) Staff costs (including director's remuneration)

	2024	2023
	HK$'000	*HK$'000*
Salaries, wages and other benefits in kind	**4,321**	9,235
Severance payment	**36**	–
Retirement benefit scheme contributions	**112**	276
	4,469	9,511

(c) Other items

	2024	2023
	HK$'000	*HK$'000*
Auditor's remuneration:		
– audit services	**360**	399
Depreciation of property, plant and equipment	**80**	80
Depreciation of right-of-use assets	**–**	33
Site equipment rental costs related to short-term leases (included in cost of services provided)	**85**	2,535

8. INCOME TAX EXPENSES

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime of Hong Kong Profits 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 profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax is calculated at 16.5% on the estimated profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group's did not have any assessable profits arising in or derived from Hong Kong.

9. DIVIDENDS

No dividend was declared or paid by the Company to its shareholders during the year ended 31 March 2024 (2023: Nil), nor has any dividend been declared subsequent to the end of the reporting period.

10. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(17,433)**	(9,963)

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	**301,860**	301,860

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share computation for both years, the exercise of the above potential dilutive shares is not assumed in the computation of diluted loss per share for both years.

11. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**47,255**	46,778
Less: allowances for credit losses	**(13,857)**	(16,446)
	33,398	30,332
Receivables from securities broker	**615**	552
Deposits for surety bonds	**2,812**	3,177
Other receivables, deposits and prepayments	**870**	965
	37,695	35,026

Receivables from a securities broker earn interests at floating rates based on daily deposits rates.

The aging analysis of trade receivables (net of allowance for credit losses) based on invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**2,069**	1,890
31 – 60 days	**275**	925
61 – 90 days	**699**	–
91 – 180 days	**1,747**	4,130
181 – 365 days	**1,474**	–
Over 365 days	**27,134**	23,387
	33,398	30,332

The Group usually grants customers a credit period up to 45 days. The Group did not hold any collateral as security or other credit enhancements over the trade and other receivables as at 31 March 2024 and 2023 and no interest is charged on trade receivables.

Trade receivables with carrying amounts of approximately HK$31,329,000 (2023: HK$29,158,000) (net of allowance for credit losses) are past due at the end of the reporting period. Out of the past due balances, HK$23,134,000 (2023: HK$23,387,000) (net of allowance for credit losses) has been past due more than 1 year but is not considered as default because of the counterparty has partially settled the balance after the end of reporting period. Based on the above circumstance, the directors are in the opinion that the balances which has been past due more than 1 year are still considered as collectible.

Details of impairment assessment are set out in note 6 to the consolidated financial statements.

12. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**12,672**	10,011
Retention monies payables	**12,851**	14,990
Provision for long services payment	**928**	965
Amounts due to directors of certain subsidiaries	**24**	24
Accruals and other payables	**5,554**	4,797
	32,029	30,787

Retention monies payable in relation to the release of retention vary from contract to contract, which usually within 1-2 years and subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

Accruals and other payables mainly consist of accrued staff costs of HK$309,000 (2023: HK$607,000) and accrued interest expenses of HK$2,297,000 (2023: HK$1,677,000).

The amounts due to directors of certain subsidiaries were unsecured, interest-free and repayable on demand.

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

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**2,223**	2,558
31 – 60 days	**277**	488
61 – 90 days	**783**	–
Over 90 days	**9,389**	6,965
	12,672	10,011

The credit period normally granted by its suppliers up to 30 days.

13. SHARE CAPITAL

	Number of shares	**Nominal value of shares**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.16 each		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**500,000**	**500,000**
Issued and fully paid:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**301,860**	**48,298**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 24 years of experience in providing civil engineering works as a subcontractor in Hong Kong. The civil engineering works undertaken by the Group are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development); and (iv) decoration and renovation works.

OUTLOOK

2025 is expected to be full of opportunities and challenges. The planned commitment in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that occur during project implementation continue being threats that likely affect the Group's profit as a subcontractor.

Looking forward, the Group will continue to strengthen the competitive edge of the Group over the competitors in the civil engineering industry and at the same time carefully evaluate each projects and control the Group's overall costs to a reasonable level; which in turn is expected to increase shareholders' return. Besides, in order to increase shareholders' return, the Group will put efforts to evaluate the feasibility of obtaining necessary licenses to carry out civil engineering works and related operations in other countries, such as Japan and Thailand.

SIGNIFICANT INVESTMENT

Financial asset at FVTPL Significant Investments	For the year ended 31 March 2024 Realised and unrealised loss *HK$'000*	As at 31 March 2024 Number of shares held *'000*	Fair value *HK$'000*	Approximately percentage to the total asset	As at 1 April 2023 Fair value *HK$'000*
WLS Holdings Limited ("WLS")	**16,029**	**381,660**	**9,160**	**11.2%**	**25,189**
Other listed equity securities (note 1)			**13,550**	**16.6%**	**10,874**
Total			**22,710**	**27.8%**	**36,063**

Note:

1. As at 31 March 2024, other listed equity securities comprised 9 listed equity securities in Hong Kong. None of the other listed equity securities was more than 5% of the total assets of the Group as at 31 March 2024.

WLS is principally engaged in provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business, and assets management business. Based on WLS's interim report for the six months ended 30 November 2023, revenue and loss before tax of WLS was approximately HK$46.4 million and HK$11.7 million respectively.

As at 31 March 2024, the Company held a significant investment, with a value of over 5% of the Company's total assets as at 31 March 2024, in WLS Holdings Limited (the "Investment"), which is listed on the GEM Board of the Stock Exchange. The Group's total investment in the Investment was approximately HK$9,762,000. As at 31 March 2024, the Group owned 381,660,000 shares in the Investment, representing 2.66% equity interests in the Investment with a carrying amount of the Group's interest in the Investment of approximately HK$9,160,000, representing approximately 11.2% of the total assets of the Company as at 31 March 2024. Up to 31 March 2024, no dividends was received from the Investment. The fair value of the Investment is based on quoted market prices.

The Group's investment strategy is to deliver a diversified and flexible investment portfolio that will maximize sustained long-term returns and strive to achieve high growth, while the traditional business of the Group will continue its stable growth.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

FINANCIAL REVIEW

Revenue

All of the Group's revenue was generated from the provision of civil engineering works and provision of decoration and renovation works. The total revenue of the Group decreased by approximately HK$69,460,000 from approximately HK$104,601,000 for the year ended 31 March 2023 to approximately HK$35,141,000 for the Reporting Period. Such decrease was mainly because decrease in number of construction projects due to keen competition in the industry and some large construction projects reach completion stage. As at 31 March 2023, we had 11 contracts on hand with a total contract sum of approximately HK$287,286,000 whilst as at 31 March 2024, we had 12 contracts on hand with a total contract sum of approximately HK$333,844,000.

Gross Profit and Gross Profit Margin

The Group's gross result turnaround from gross loss of approximately HK$2,878,000 for the year ended 31 March 2023 to gross profit of approximately HK$1,880,000 for the Reporting Period. Such turnaround was mainly due to the gross loss incurred by some large construction projects reaching completion stage which net off with gross profit generated by new projects during the Reporting Period.

Our gross profit margin varied substantially from project to project and is mainly attributable to our pricing, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis and such mark-up is determined based on the following factors:

Contract value of the project

We would normally set a tender price based on a relatively lower mark-up for projects with a larger contract value due to the larger absolute amounts of revenue and gross profit (being the contract sum less the expected costs of sales) expected to be derived from a project with a larger contract value.

Nature and complexity of civil engineering works

When preparing our tender price, we consider, among other factors, (i) the amount of project management; (ii) the level of difficulty; (iii) the amount of uncertainties; (iv) the types and amount of works to be performed using different techniques; (v) the types and amount of resources such as labour skills, construction materials and supplies and site equipment; and (vi) the quality, safety and environmental standards. We would also take into account the likelihood of any material deviation of actual costs from our estimated costs having regard to the estimated subcontracting charges, staff costs, construction materials and supplies costs, rental of site equipment costs and other costs of sales.

Competition

The level of competition for each construction project is subject to factors beyond our control, including, among others, the number of contractors invited to bid for the construction project, our competitors' capacity and the nature and complexity of the works involved. If the level of competition of a particular construction project is low or if our competitors' tender prices are relatively high, which is due to their own commercial decisions, we may be able awarded the construction project even if our tender price is not particularly competitive.

Cost control

While we may obtain preliminary quotations from our subcontractors when preparing our tender prices, the final agreed prices with our subcontractors are subject to further negotiations after we are successfully awarded with a tender and after we obtain more specific information regarding the works and the site conditions. Such further negotiations with our subcontractors may result in higher or lower gross profit margins.

We enter into contra charge arrangements with some of our customers for, among others, the purchase of construction materials and supplies and site equipment rental and hence any increase in these costs are borne by our customers. The prices of construction materials and supplies and site equipment rental and other costs of sales that are not covered by contra charge arrangements are determined by reference to quotations of suppliers as agreed by us and our suppliers on an order-by-order basis. While we price in the estimated future price trend of these costs of sales when preparing our tender proposals, material deviation of the actual costs from our estimated costs may arise, which would result in higher or lower gross profit margins.

Due to, among others, the factors stated above, our gross profit margin varied substantially from project to project.

Other Income

Other income of the Group decreased by approximately HK$3,075,000 from approximately HK$4,263,000 for the year ended 31 March 2023 to approximately HK$1,188,000 for the Reporting Period. The decrease was mainly due to decrease in work-related injury compensation and compensation income from long services payment during the year ended 31 March 2024.

Other Gains or Losses

Other gains or losses of the Group incurred loss of HK$13,287,000 for the Reporting Period from loss of approximately HK$827,000 for the year ended 31 March 2023. The loss mainly consist of the unrealised loss of financial assets at fair value through profit or loss.

Impairment loss recognised under expected credit loss model, net of reversal

In determining the expected credit loss of the trade receivables, the Group has engaged a professional valuer to assist in estimating the loss allowances under the expected credit loss model in accordance with Hong Kong Financial Reporting Standard. Valuer has assessed their recoverability by reference to (i) details and status of the receivables as at the assessment date; (ii) historical defaults of the debtors of the Company; (iii) other information such as working relationship between the Company and the debtors, repayment track records of the debtors, and repayment progress of the receivables as advised by the management; (iv) industry and economic data; and (v) data concerning the fixed income and equity securities markets from Moody's. Except for the work performed by professional valuer, the Company also closely liaise with those debtors for the payment schedule and consider the reputation of those debtors and overall market condition. Based on the abovementioned assessments, the directors of the Company considered that the loss allowances are adequate.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group increased by approximately HK$1,767,000 or 30.5% from approximately HK$5,800,000 for the year ended 31 March 2023 to approximately HK$7,567,000 for the Reporting Period. Administrative and other operating expenses consists primarily of staff costs, depreciation, rental expenses and other administrative expenses. The increase was mainly due to increase of staff costs and severance payment in administrative expenses.

Finance Costs

Finance costs for the Group remained stable in which amounting to approximately HK$721,000 and HK$720,000 for the years ended 31 March 2023 and 2024 respectively.

Income Tax Credit

Income tax credit for the Group had decreased from income tax credit of approximately HK$Nil for the year ended 31 March 2023 to income tax credit of approximately HK$Nil for the Reporting Period.

Loss for the year

Loss for the year increased by approximately HK$7,470,000 from approximately HK$9,963,000 for the year ended 31 March 2023 to approximately HK$17,433,000 for the Reporting Period. Such increase was primarily attributable to the net effect of the decrease in revenue and other income and increase in loss incurred in other gains or losses, net for the Reporting Period as discussed above. Excluding the other gains or losses, net, the Group's loss for the year decreased by approximately HK$4,990,000 from approximately HK$9,136,000 for the year ended 31 March 2023 to approximately HK$4,146,000 for the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash and bank balances are denominated in Hong Kong dollar. The current ratio of the Group as at 31 March 2024 decreased to approximately 1.6 times as compared to that of approximately 1.9 times as at 31 March 2023.

The total interest bearing debts of the Group, including bond payables and lease liabilities, remained stable of which approximately HK$12,000,000 as at 31 March 2023 and approximately HK$12,000,000 as at 31 March 2024. All borrowings are denominated in Hong Kong dollar and are repayable within 5 years. The Group did not carry out any hedging for its floating borrowings.

As at 31 March 2024 and 2023, the Group had no general banking facilities. As at 31 March 2024, the Group had lease liabilities of approximately HK$Nil (31 March 2023: approximately HK$Nil).

The gearing ratio, calculated based on all interest-bearing borrowings and lease liabilities divided by total equity at the end of the period and multiplied by 100%, stood at approximately 36% as at 31 March 2024 (31 March 2023: approximately 24%). With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM of the Stock Exchange on 12 April 2016. Except for placing of new shares which completed in September 2020, there has been no change in the capital structure of the Group during the Reporting Period. As at 31 March 2024, the Company's issued and fully paid capital and total equity attributable to owners of the Company amounted to approximately HK$48,298,000 and HK$33,117,000 respectively.

COMMITMENTS

As at 31 March 2024, there was no capital commitment for the Group (31 March 2023: HK$Nil).

CONTINGENT LIABILITIES

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

ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not carry out any material acquisitions nor disposals of subsidiaries and affiliated companies for the Reporting Period.

Save as disclosed in this annual report, the Group did not have other plans for material investments or capital assets as at 31 March 2024.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. Since United States dollars is linked to Hong Kong dollars at the rate of United States dollars 1 to Hong Kong dollars 7.80, the Directors therefore consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE OVER GROUP'S ASSETS

The total interest bearing debts of the Group, including bond payables and lease liabilities amounted to approximately HK$12,000,000 as at 31 March 2024 (2023: HK$12,000,000).

As at 31 March 2024 and 2023, the Group had no general banking facilities. As at 31 March 2024, the Group had no lease liabilities (31 March 2023: approximately HK$Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had approximately 26 employees (31 March 2023: 33 employees). The total staff costs incurred, including Directors' emoluments, of the Group were approximately HK$4,469,000 for the Reporting Period (31 March 2023: approximately HK$9,511,000). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to the Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, we offer other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2023: HK$Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2024 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to the Reporting Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the then Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period and up to the date of this announcement.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "Code of Conduct'). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to the date of this announcement.

SHARE OPTION SCHEME

The Share Option Scheme of the Company has been adopted by way of shareholder's written resolution passed on 24 March 2016 for the purpose of attracting and retaining 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 or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or INEDs or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, INEDs, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 24 March 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

As at 31 March 2024, 26,974,800 share options has been granted by the Company pursuant to such Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK$0.16 each of the Company.

	Date of grant	Exercise price per option	Exercise period	Vesting period	Balance as at 1 April 2023	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31 March 2024
Directors									
Yu Xiao	11 July 2019	HK$1.414	5 years from the date of grant	No	891,540	–	–	–	**891,540**
Other employees	11 July 2019	HK$1.414	5 years from the date of grant	No	3,566,160 (note (i))	–	–	–	**3,566,160**
	12 July 2021	HK$0.315	5 years from the date of grant	No	10,698,480 (note (ii))	–	–	–	**10,698,480**
	18 March 2022	HK$0.163	5 years from the date of grant	No	9,144,000 (note (iii))	–	–	–	**9,144,000**
Consultants	11 July 2019	HK$1.414	5 years from the date of grant	No	2,674,620 (note (iv))	–	–	–	**2,674,620**
Total					26,974,800	–	–	–	**26,974,800**

Notes:

(i) The share options have been granted to 4 employees and each of them hold 891,540 share options.

(ii) The share options have been granted to 10 employees and each of them hold 1,069,848 share options.

(iii) The share options have been granted to 4 employees and each of them hold 2,286,000 share options.

(iv) The share options have been granted to 3 consultants and each of them hold 891,540 share options.

Each consultant provides consultancy services and business development support to the Group, including but not limited to provision of consultancy services in relation to the construction projects, sourcing potential construction projects and business development opportunity to the Group.

The management consider that in view of the limited resources of the Group and to maintain a long-term growth, the options granted to the consultants can help to retain and motivates these non-employees to generate growth in company value. The options were granted as in incentive for these consultants to provide ongoing service to the Group and to maintain a long-term relationship with them so that the Group can maintain a streamline operation with stability. Apart from the options granted, the Company has not provided any other remuneration to these consultants for their services provided.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% as required under the GEM Listing Rules as at the date of this announcement.

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely Mr. Wong Chi Kan, Ms. Lao In Iam and Mr. Liao Honghao, all being INEDs. Mr. Wong Chi Kan currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

The audit committee had also reviewed audited annual results in respect of the year ended 31 March 2024, and confirmed that this announcement complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.todayir.com/en/showcases.php?code=8217). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to the Company's shareholders in due course.

By order of the Board
WMHW Holdings Limited
Chen Jian
Executive Director

Hong Kong, 26 June 2024

As at the date of this announcement, the executive Directors are Mr. Chen Jian and Ms. Yu Xiao and the independent non-executive Directors are Mr. Wong Chi Kan, Ms. Lao In Iam and Mr. Liao Honghao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of GEM of the Stock Exchange's website at www.hkgem.com for a minimum period of 7 days from the date of its posting and on the website of the Company at www.todayir.com/en/showcases.php?code=8217.