# CHINA NEW CONSUMPTION GROUP LIMITED
# 中國新消費集團有限公司

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

**(Stock Code: 8275)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

The board (the "**Board**") of directors (the "**Directors**") of China New Consumption Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 March 2025 (the "**Annual**"). This announcement, containing the full text of the Annual report 2025 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of Annual results.

By order of the Board
**China New Consumption Group Limited**
**Liu Ching Man**
*Executive Director*

Hong Kong, 23 June 2025

*As at the date of this announcement, the Board comprises Ms. Liu Ching Man as executive Director; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Mr. Ng Kim Lung as independent non-executive Directors.*

*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 herein or this announcement misleading.*

*This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.irasia.com/listco/hk/chinanewcons.*

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

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

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This report, for which the directors (the "**Directors**") of China New Consumption Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") 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 report 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 report misleading.

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Ms. Liu Ching Man

### Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung

## BOARD COMMITTEES

### Audit Committee

Mr. He Dingding *(Chairman)*
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung

### Remuneration Committee

Mr. Ng Kim Lung *(Chairman)*
Mr. He Dingding
Ms. Chan Tsz Hei Sammi

### Nomination Committee

Ms. Chan Tsz Hei Sammi *(Chairman)*
Mr. He Dingding
Mr. Ng Kim Lung

## JOINT COMPANY SECRETARIES

Mr. Lee Man Tai *(FCCA, FCPA)*
Ms. Cheng Shing Yan *(CPA, FCCA)*

## AUTHORISED REPRESENTATIVES

Ms. Liu Ching Man
Mr. Lee Man Tai *(FCCA, FCPA)*

## COMPLIANCE OFFICER

Ms. Liu Ching Man

## INDEPENDENT AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

David Fong & Co., Solicitors
Unit A, 12/F
China Overseas Building
No. 139 Hennessy Road
Wanchai, Hong Kong

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

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

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

Room 204, 2/F.
Yue Shing Commercial Building
15 Queen Victoria Street
Central
Hong Kong

## PRINCIPAL BANKS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited

## STOCK CODE

8275

## COMPANY'S WEBSITE

www.irasia.com/listco/hk/chinanewcons

# Executive Director’s Statement

## TO OUR SHAREHOLDERS

On behalf of the board (the “**Board**”) of Directors, I present the annual report of the Group for the year ended 31 March 2025 (the “**Reporting Year**”).

## PROSPECT

During the Reporting year, the Group’s performance has been deteriorated due to the decrease in construction works in Hong Kong. Despite the increase in the revenue generated from the construction projects during the Reporting Period, the Group is of the view that the general industry and the business environment in which the Group operates remains difficult.

Despite the stringent market environment of the construction industry, the Group will continue to deploy our efforts in tendering for contracts, particularly those which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in the results of the business.

With rising geopolitical conflicts and tensions, soaring interest rate, inflationary pressure and challenges associated with post-pandemic economic recovery in both the People’s Republic of China (the “**PRC**”) and Hong Kong, the business environment in 2024 continued to be challenging and the overall market sentiment had remained weak. However, the Group is cautiously optimistic about the business prospects of the Group as the Group will provide sustained impetus to the growth of the Group from two aspects.

Firstly, we will continue to do our best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve our operational efficiency and the profitability of our businesses.

Secondly, we will put our great effort into talent cultivation. The specialty and quality of employees will have an important impact on the development of the Group.

In addition, the Group is also actively seeking potential business opportunities that can widen its income streams and increase the return of shareholders of the Company. The global tea market was valued at USD17.42 billion in 2024, with a forecasted CAGR of 6.0% from 2025 to 2030, attributing the growth to rising consumer health awareness and interest in tea’s health benefits such as anti-inflammation and relaxation support.

In addition, the Board believes that the beverage business has a promising prospect, and that developing beverage business will enable the Group to benefit from diversified revenue streams.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for their continued support.

**Liu Ching Man**
*Executive Director*

Hong Kong, 23 June 2025

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery and money lending business.

For the Reporting Year, the Group recorded a net loss attributable to owners of the Company of approximately HK$31.2 million as compared to net profit attributable to owners of the Company of approximately HK$8.4 million for the same period in 2024. The Board considers that the net loss attributable to owners of the Company was primarily attributable to the net effect of (i) the increase in construction income, (ii) the decrease in gross profit, (iii) the increase in impairment loss on property, plant and equipment and financial assets and (iv) the increase in loss in fair value of held for trading securities.

## OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. With rising geopolitical conflicts and tensions, soaring interest rate, inflationary pressure and challenges associated with post-pandemic economic recovery in both the PRC and Hong Kong. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders of the Company. On 7 January 2025, the Group has entered into a brand cooperation with our partners, Trillion Wealth Company Limited* (華偉達企業有限公司) in Hong Kong and Philippine TEADAYE CORP., marking the official inauguration of the Group's expansion in the tea drink market at Southeast Asia. The Group has also entered into a cooperation agreement with our partner, Trillion Wealth Company Limited* (華偉達企業有限公司) in relation to the opening and operation of new TEADAYE stores in Wan Chai and San Po Kong, Hong Kong. The new TEADAYE stores are expected to grandly open by the third quarter of 2025. The collaboration reflects the Group's confidence in the promising growth of the tea beverage market. The Group believes that this cooperation not only marks another milestone in the beverage business development of the Group, but also brings considerable synergy to our strategic layout in the Greater Bay Area. It is expected to generate positive contributions to the Group's revenue in the long term.

Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to strive to improve its operational efficiency and profitability of its businesses.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

– the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect its financial results;

– the Group's foundation works are exposed to the risk of unexpected geological or sub-soil conditions;

– non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group's subcontractors may adversely affect its operation and profitability; and

– the Group's customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

## COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Year, there was no material breach of or 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. The Board 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 ESG Report on pages 32 to 70 of this annual report.

## RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains a good relationship 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 success in the Group's business and operation would be at risk.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the Reporting Year was approximately HK$158.5 million, representing an increase by approximately 13.3% from approximately HK$140.0 million for the year ended 31 March 2024, which was primarily due to the increase in income from construction projects during the Reporting Year.

### Cost of Sales

The Group's cost of sales for the Reporting Year was approximately HK$145.0 million, representing an increase of approximately 38.0% from approximately HK$105.0 million for the year ended 31 March 2024, which was primarily due to the increase in subcontracting costs.

### Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year was approximately HK$13.6 million, representing a decrease of approximately 61.2% from gross profit of approximately HK$34.9 million for the year ended 31 March 2024.

The Group's gross profit margin decreased from approximately 25.0% to gross profit margin of approximately 8.6% for the year of comparison. Such decrease was primarily due to (i) lower profit margins for newly awarded construction projects.

### Administrative Expenses

The Group's administrative expenses for the Reporting Year were approximately HK$21.4 million, representing a decrease of approximately 26.5% from approximately HK$29.1 million for the year ended 31 March 2024. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fees and other administrative expenses. The decrease was mainly attributable to the decrease in advisory fees and legal and professional fees.

### Loss for the Year

For the Reporting Year, the Group recorded a loss attributable to owners of the Company of approximately HK$31.2 million as compared to profit attributable to owners of the Company for the year ended 31 March 2024 of approximately HK$8.4 million. The Board considers that the net loss attributable to owners of the Company was mainly attributable to the net effect of (i) the increase in construction income, (ii) the decrease in gross profit, (iii) the increase in impairment loss on property, plant and equipment and financial assets and (iv) the increase in loss in fair value of held for trading securities.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Company's issued share capital was approximately HK$4.8 million divided into 480,003,445 ordinary shares of HK$0.01 each.

Movements of the issued capital of the Company during the Reporting Year, resulting from the completion of the 2024 Rights Issue (as defined below), are detailed under this section below.

As at 31 March 2025, the Company's issued share capital was approximately HK$7.2 million divided into 719,987,379 ordinary shares of HK$0.01 each.

During the Reporting Year, the Group financed its liquidity and capital requirements primarily through cash generated from operations, bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2024 Rights Issue (all as defined below).

As at 31 March 2025, the Group had bank and cash balances of approximately HK$13.6 million (2024: approximately HK$41.5 million).

As at 31 March 2025, the Group's total equity attributable to owners of the Company amounted to approximately HK$115.5 million (2024: approximately HK$123.4 million). As of the same date, the Group's total debts, comprising bank borrowings and lease liabilities, amounted to approximately HK$1.3 million (2024: approximately HK$4.0 million).

The Directors believe that the Group is in a healthy financial position to expand its business and pursue its business objectives.

## 2022 Rights Issue

On 14 January 2022, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two consolidated shares in issue at a subscription price of HK$0.55 per Rights Share (the "**2022 Rights Issue**") to raise approximately HK$44.55 million by issuing 81,000,000 Rights Shares to the qualifying shareholders. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

On 3 May 2022, the Company completed the 2022 Rights Issue and issued 81,000,000 Rights Shares with par value of HK$0.5 each at a subscription price of HK$0.55 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The theoretical closing price per Share was HK$0.725 per share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.145 per Share as quoted on the Stock Exchange on 14 January 2022, being the last trading day). The net proceeds from the 2022 Rights Issue (after deducting the related expenses) were approximately HK$42.3 million, representing a net price of approximately HK$0.53 per Rights Share, which were used as to (i) approximately HK$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Note to be due six months after the date of issue of the Promissory Note (i.e. 13 June 2022); (ii) approximately HK$20 million for the acquisition of a new office premise and the relevant renovation cost; (iii) approximately HK$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income; (iv) approximately HK$3 million for business development and marketing expenses in order to expand the Group's customer base and acquire more projects; and (v) the remaining balance of approximately HK$9.2 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government.

Upon the completion of the 2022 Rights Issue in May 2022, the number of shares in issue became 135,000,000 of par value HK$0.5 each thereafter. Details of the 2022 Rights Issue are set out in the Company's announcements dated 14 January 2022, 27 January 2022, 19 April 2022, 29 April 2022, 3 May 2022, circular dated 24 February 2022 and prospectus dated 29 March 2022.

As disclosed in the Company's announcement dated 5 February 2025 (the "**Change in Use of Proceeds Announcement 2025**"), with careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the unutilised net proceeds in the amount of approximately HK$2.0 million originally allocated for acquisition of a new office premise and the relevant renovation cost. Please refer to the Change in Use of Proceeds Announcement 2025 for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at the date of the Change in Use of Proceeds Announcement 2025 and 31 March 2025:

As at 31 March 2025, the actual use of the net proceeds of the 2022 Rights Issue was as follows:

| | Planned use of net proceeds as stated in the prospectus dated 29 March 2022 (HK$ million) | Actual use of net proceeds from the Listing Date to the date of the Change in Use of Proceeds Announcement 2025 (HK$ million) | Reallocation of unutilised net proceeds as stated in the Change in Use of Proceeds Announcement 2025 (HK$ million) | Amount utilised after reallocation (HK$ million) | Unutilised net proceeds up to 31 March 2025 (HK$ million) | Expected timeline for unutilised net proceeds |
|---|---|---|---|---|---|---|
| Repayment of the principal amount and interest accrued thereon of the Promissory Notes | 3.1 | 3.1 | – | – | – | N/A |
| Acquisition of a new office premise and the relevant renovation cost | 20.0 | 18.0 | 2.0 | – | – | N/A |
| Recruitment of additional full-time staff | 7.0 | 7.0 | – | – | – | N/A |
| Business development and marketing expenses | 3.0 | 3.0 | – | – | – | N/A |
| General working capital | 9.2 | 9.2 | – | 2.0 | – | N/A |
| Total | 42.3 | 40.3 | 2.0 | 2.0 | – | |

As at 31 March 2025, all the net proceeds in the amount of approximately HK$42.3 million have been utilised as intended in the prospectus dated 29 March 2022 and the Change in Use of Proceeds Announcement 2025.

## 2023 Rights Issue

On 17 February 2023, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two shares held on the record date at a subscription price of HK$0.147 per Rights Share (the "**2023 Rights Issue**") to raise approximately HK$33.5 million by issuing 240,002,067 Rights Shares to the qualifying shareholders. The 2023 Rights Issue was approved by the then independent shareholders of the Company on 12 April 2023 by way of poll. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

# Management Discussion and Analysis

The net proceeds from the 2023 Rights Issue (after deducting the estimated expenses) were approximately HK$33.5 million, representing a net price of approximately HK$0.140 per Rights Share, which were intended to be used as to (i) approximately HK$18.5 million for the expansion of the foundation business capacity of the Group; (ii) approximately HK$7.5 million for the development of the AI business; and (iii) the remaining balance of approximately HK$7.5 million for general working capital of the Group.

Upon the completion of the 2023 Rights Issue and the capital reduction of the issued shares and sub-division of unissued shares of the Company, the number of shares in issue will be up to 400,003,445 of par value HK$0.01 each thereafter. Details of the 2023 Rights Issue are set out in the Company's announcements dated 17 February 2023, 24 February 2023, 3 March 2023, 10 March 2023, 13 March 2023, and 2 August 2023, respectively, the circular of the Company dated 23 March 2023, and the prospectus of the Company dated 11 July 2023.

As disclosed in the Company's announcement dated 1 March 2024 (the "**Change in Use of Proceeds Announcement**"), with careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board had resolved to change the use of the unutilised net proceeds in the amount of approximately HK$18.5 million originally allocated for expansion of the foundation business capacity. Please refer to the Change in Use of Proceeds Announcement for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at the date of the Change in Use of Proceeds Announcement and 31 March 2025:

As at 31 March 2025, the actual use of the net proceeds of the 2023 Rights Issue was as follows:

| | Planned use of net proceeds as stated in the prospectus dated 11 July 2023 (HK$ million) | Actual use of net proceeds from the Listing Date to the date of the Change in Use of Proceeds Announcement (HK$ million) | Reallocation of unutilised Net Proceeds as stated in the Change in Use of Proceeds Announcement (HK$ million) | Amount utilised after Reallocation (HK$ million) | Unutilised net proceeds up to 31 March 2025 (HK$ million) | Expected timeline for unutilised net proceeds |
|---|---|---|---|---|---|---|
| Expansion of the foundation business capacity | 18.5 | – | – | – | – | N/A |
| Development of financial services business | – | – | 18.5 | 18.5 | – | N/A |
| Development of AI business | 7.5 | 4.3 | – | 3.2 | – | N/A |
| General working capital | 7.5 | 7.5 | – | – | – | N/A |
| Total | 33.5 | 11.8 | 18.5 | 21.7 | – | |

As at 31 March 2025, all the net proceeds in the amount of approximately HK$33.5 million have been utilised as intended in the prospectus dated 11 July 2023 and the Change in Use of Proceeds Announcement.

## 2024 Rights Issue

On 4 September 2024, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of one Rights Shares for every two shares held on the record date at a subscription price of HK$0.1 per Rights Share (the "**2024 Rights Issue**") to raise approximately HK$22.5 million by issuing 240,001,722 Rights Shares to the qualifying shareholders. The subscription price was determined with reference to, among others, the market price of the shares under the prevailing market conditions. The closing price on 4 September 2024, being the date on which the terms of the 2024 Rights Issue were fixed, was HK$0.106 per Share. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

The net proceeds from the 2024 Rights Issue (after deducting the estimated expenses) were approximately HK$22.5 million, representing a net price of approximately HK$0.1 per Rights Share, which will be applied as to (i) approximately HK$10.0 million for the acquisition of power generators; (ii) approximately HK$8.0 million for the financial services business; and (iii) the remaining balance of approximately HK$4.5 million for general working capital of the Group.

Details of the 2024 Rights Issue are set out in the Company's announcements dated 4 September 2024, 19 September 2024, 20 September 2024 and the prospectus of the Company dated 24 October 2024.

As disclosed in the Change in Use of Proceeds Announcement 2025, with careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the unutilised net proceeds in the amount of approximately HK$10.0 million originally allocated for acquisition of power generators. Please refer to the Change in Use of Proceeds Announcement 2025 for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at the date of the Change in Use of Proceeds Announcement 2025 and 31 March 2025:

As at 31 March 2025, the actual use of the net proceeds of the 2024 Rights Issue was as follows:

| | Planned use of net proceeds as stated in the prospectus dated 24 October 2024 (HK$ million) | Actual use of net proceeds from the Listing Date to the date of the Change in Use of Proceeds Announcement 2025 (HK$ million) | Reallocation of unutilised Net Proceeds as stated in the Change in Use of Proceeds Announcement 2025 (HK$ million) | Amount utilised after reallocation (HK$ million) | Unutilised net proceeds up to 31 March 2025 (HK$ million) | Expected timeline for unutilised net proceeds |
|---|---|---|---|---|---|---|
| Acquisition of the power generators | 10.0 | – | – | – | – | N/A |
| Development of financial services business | 8.0 | 6.0 | 10.0 | 5.5 | 6.5 | 30 June 2025 |
| General working capital | 4.5 | 4.5 | – | – | – | N/A |
| Total | 22.5 | 10.5 | 10.0 | 5.5 | 6.5 | |

As at 31 March 2025, the net proceeds in the amount of approximately HK$22.5 million have been utilised and the remaining balance of HK$6.5 million will be utilised as intended in the prospectus dated 24 October 2024 and the Change in Use of Proceeds Announcement 2025.

# Management Discussion and Analysis

## BORROWINGS AND GEARING RATIO

As at 31 March 2025, the Group had total debts (summation of bank borrowings and lease liabilities) of approximately HK$1.3 million (2024: bank borrowings and lease liabilities approximately HK$4.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2025, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 1.1% (2024: approximately 3.3%).

## FOREIGN EXCHANGE EXPOSURE

The revenue generating from operations and borrowings raised by the Group was mainly transacted in Hong Kong Dollars which are the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

## TREASURY POLICIES

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

## CHARGE ON GROUP ASSETS

As at 31 March 2025 and 2024, the Group had pledged its plant and machinery.

## CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the Reporting Year, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites.

During the year ended 31 March 2025, an indirectly owned subsidiary of the Company has been involved in a dispute with a potential claim relating to breach of contract. The related maximum exposure of the claims is approximately HK$15.0 million. As at 31 March 2025, no court or arbitration proceedings have been commenced. After considering the current status of the dispute and the opinion from the legal counsels, the Directors were of the view that no provision should be recognised as at 31 March 2025.

Save as disclosed herein, the Group had no other significant contingent liabilities as at 31 March 2025.

## CAPITAL COMMITMENTS

As at 31 March 2025 and 2024, the Group had no material capital commitments contracted but not provided for property, plant and equipment.

## SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 10 of the consolidated financial statements.

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

Save as disclosed herein, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Year and there is no other plan for material investments or capital assets as at 31 March 2025.

## INFORMATION ON EMPLOYEES

As at 31 March 2025, the Group had 22 full-time employees working in Hong Kong (2024: 83). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK$21.9 million for the Reporting Year (2024: approximately HK$48.6 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 trainings were provided to the employees.

Details of the Company's share option schemes (the "**Share Option Scheme**") is set out in note 36 to the consolidated financial statements.

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Year (2024: HK$Nil).

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTOR

### Ms. Liu Ching Man (廖靜雯)

Ms. Liu Ching Man ("**Ms. Liu**"), aged 36, was re-designated from an independent non-executive Director to an executive Director (the "**Redesignation**") with effect from 29 December 2023. Following to her Redesignation, she also ceases to be the chairman of the remuneration committee of the Company (the "**Remuneration Committee**") and a member of each of the audit committee of the Company (the "**Audit Committee**") and nomination committee of the Company (the "**Nomination Committee**").

Ms. Liu graduated from the Upper Iowa University with a Bachelor of Psychology degree in 2016 and obtained a master of business administration degree at The Hong Kong Polytechnic University in 2022. She is well experienced in the investor relationship and public relationship industry. She has extensive experience in financial public relations. She participated and prepared many listing ceremonies, roadshows and fund-raisings. She also has experience on blockchain development. She previously led development of cryptocurrency exchanges and Web 3.0 blockchain. From September 2022 to September 2023, Ms. Liu was an executive director of Jiading International Group Holdings Limited (formerly known as Farnova Group Holdings Limited), the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8153).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. He Dingding (賀丁丁)

Mr. He Dingding ("**Mr. He**"), aged 48, was appointed as an independent non-executive Director on 14 May 2021. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. He graduated from Nanyang Technological University, Singapore with a bachelor's degree in civil engineering. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 20 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Mr. He was an independent non-executive director and a member of the audit committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non-executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. Since August 2018, Mr. He has been an independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee of Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663). From October 2018 to November 2022, Mr. He worked with Ta Yang Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1991) and his last position was chief executive officer cum chief financial officer. From May 2021 to September 2021, Mr. He was an independent non- executive director, a chairman of the audit committee, and a member of the remuneration, quality and nomination committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727). From March 2023 to August 2024, Mr. He was an independent non-executive director, the chairman of the remuneration committee, and a member of each of the audit committee and nomination committee of Mobile Internet (China) Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock codes: 1439). Since May 2023, Mr. He has been appointed as an executive director and chief executive officer of Link Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock codes: 8237). From January to March 2025, Mr. He was an independent non-executive director and a member of each of the audit committee, compensation committee and nominating and corporate governance committee of Toppoint Holdings Inc., the issued shares of which are listed on National Association of Securities Dealers Automated Quotations (the "**NASDAQ**") (stock code: TOPP.US). Since February 2025, Mr. He has been appointed as an independent non-executive director and a member of each of the audit and risk management committee and remuneration committee of Vin's Holdings Ltd, a company listed on Catalist Board of the Singapore Exchange Limited (stock code: VIN.SG).

## Ms. Chan Tsz Hei Sammi (陳梓烯)

Ms. Chan Tsz Hei Sammi ("**Ms. Chan**"), aged 39, was appointed as an independent non-executive Director on 1 June 2021. She is also the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Ms. Chan is a practising solicitor admitted in Hong Kong in 2018 and a member of the Law Society of Hong Kong. Ms. Chan has also been a Certified Management Accountant of Australia since 2016 and a lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong.

From November 2019 to March 2022, Ms. Chan was the company secretary and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293). From January 2021 to February 2022, she was the company secretary and authorised representative under Rule 5.24 of the GEM Listing Rules of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419). From June 2023 to March 2025, Ms. Chan was the company secretary, authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange, and the process agent of Modern Chinese Medicine Group Co., Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1643).

# Biographical Details of Directors and Senior Management

### Mr. Ng Kim Lung (吳劍龍)

Mr. Ng Kim Lung ("**Mr. Ng**"), aged 52, was appointed as an independent non-executive Director on 29 December 2023. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Mr. Ng has since accumulated over 32 years of experience in the construction and engineering industry. He is currently a senior management of companies engaged in the construction and engineering industry. Mr. Ng completed a Technically Competent Person T1 Training Course through the Construction Industry Council Training Academy and was awarded the certificate in January 2010.

The Directors confirm that they are not related to each of the Directors or any of the senior management, substantial shareholders or controlling shareholders of the Company.

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director and chief executives pursuant to Rule 17.50A(1), and Rule 17.50(2)(a) to (e) and (g) of the GEM Listing Rules during the Reporting Year. Further, the Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

## JOINT COMPANY SECRETARIES

### Mr. Lee Man Tai (李文泰)

Mr. Lee Man Tai ("**Mr. Lee**"), aged 48, joined the Company in June 2021 and has been acting as the chief financial officer of the Company. He has been appointed as company secretary of the Company since August 2021 and re-designated as a joint company secretary of the Company (the "**Joint Company Secretary**") in December 2023. He graduated from Lingnan University, Hong Kong in 2000 with a bachelor's degree in business administration and The Hong Kong Polytechnic University in 2010 with a master's degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He has been a licensed representative and responsible officer for Type 1 (advising on dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2017 and 2020, respectively.

Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively.

Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581). Since December 2019, he has been an independent non-executive director of Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on Main Board of the Stock Exchange (stock code: 6117). From June 2021 to November 2024, he was an independent non-executive director of MEIGU Technology Holding Group Limited (美固科技控股集團有限公司) (now known as Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8349).

### Ms. Cheng Shing Yan (鄭承欣)

Ms. Cheng Shing Yan ("**Ms. Cheng**"), aged 50, joined the Company in December 2023 and has been acting as a Joint Company Secretary. She has accumulated about 25 years of experience in auditing, accounting and financial management. She held different positions at various auditing or CPA firms from 2004 to 2016. Ms. Cheng joined the group of Sanroc International Holdings Limited (now known as Zhaobangji Lifestyle Holdings Limited) ("**Sanroc**"), a company listed on the Main Board (stock code: 1660), and served as the chief financial officer from April 2016 to April 2018. Since April 2018, she has been engaged in the financial function of companies operating within the construction industry.

From April 2016 to April 2018 and from April 2017 to April 2018, she was the company secretary and an executive director of Sanroc, respectively. Since October 2017, she has been an independent non-executive director of Putian Communication Group Limited, a company listed on the Main Board (stock code: 1720). From February 2021 to July 2024, she was an independent non-executive director of FEG Holdings Corporation Limited (formerly known as Kwong Luen Engineering Holdings Limited), a company listed on the Main Board (stock code: 1413). Since April 2023, she has been an independent non-executive director of Easy Smart Group Holdings Limited, a company listed on the Main Board (stock code: 2442).

Ms. Cheng obtained a degree of Master of Arts in International Accounting from the City University of Hong Kong in November 2003. She was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in July 2003, a fellow of The Association of Chartered Certified Accountants in December 2005, an associate of The Chartered Governance Institute in June 2017 and an associate of The Hong Kong Chartered Governance Institute in June 2017.

# Corporate Governance Report

## INTRODUCTION

The Group is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtain and maintain 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 acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has applied the principles and code provisions in the Corporate Governance Code (the "**CG Code**"), in force for the Reporting Year, set out in Appendix C1 of the GEM Listing Rules. During the Reporting Year, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code, except the deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

Following the resignation of Mr. Tang Kwai Leung Stanley on 29 December 2023, the roles of chairman of the Board (the "**Chairman**") became vacant. And, during the Reporting Year, the Company did not name any officer with the title "chief executive officer". The Directors are supported by the senior management in the day-to-day management of the Group's business. As at the date of this report, the Company is still in the process of identifying a suitable candidate to fill the vacancy of Chairman.

In the meantime, Ms. Liu Ching Man ("**Ms. Liu**") is primarily responsible for managing the Board. Ms. Liu also chaired the Board meetings and briefed the Board members on the issues arising at the Board meetings. Major decisions are made after consultation with the Board and appropriate Board committees. The Board is therefore of the view that the Board is appropriately structured with balance of power to provide adequate safeguards in place to ensure the balance of power and authority within the Company, and sufficient checks to protect the interests of the Company and the shareholders as a whole. Further announcement regarding such appointment will be made by the Company as and when appropriate.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he/she has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the Reporting Year.

## 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 executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Reporting Year. Statements of the Directors' responsibilities for preparing the consolidated financial statements of the Group and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report in this annual report.

Liability insurance for Directors and senior management officers of the Company 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 Director(s) along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their works and business decisions to the Board.

## CULTURE

The Board believes that a healthy corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its purpose, vision, mission and values. The followings are the key features of the Company's culture:

### Integrity

The Group is committed to achieving high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anticorruption policy and the whistleblowing policy of the Group.

### Commitment

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

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

# Corporate Governance Report

## BOARD COMPOSITION

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

### Executive Director

Ms. Liu Ching Man

### Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 14 to 17 of this annual report.

The Board has been comprising four members, being one executive Director and three independent non-executive Directors, and such Board composition fulfils the requirement of Rules 5.05, 5.05A and 5.28 of the GEM Listing Rules, whereby independent non-executive Directors of a listed issuer are required to represent at least one-third of its board. Further, each of the Audit Committee, Remuneration Committee and Nomination Committee has no less than three members and comprises a majority of independent non-executive Directors, which fulfils the requirements of the terms of reference of the Committees and complies with Chapter 5 of the GEM Listing Rules and the CG Code.

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 Director 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 on 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 taken into account. 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.

The Company has received from each independent non-executive Director an annual confirmation of his or her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Director has entered into a service contract with the Company on 29 December 2023 for an initial term of three years. The service contract with the executive Director shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than three months' notice in writing and subject to rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company (the "**Articles of Association**").

Each of Mr. He, Ms. Chan and Mr. Ng has entered into an appointment letter as an independent non-executive Director with the Company for a term of three years commencing from 14 May 2021, 1 June 2021 and 29 December 2023, respectively, subject to rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. Each of Mr. He and Ms. Chan have been renewed for another term of 3 years commencing from 14 May 2024 and 1 June 2024, respectively.

The service contracts and appointment letters are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association.

According to Article 108 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 112 of the articles of association of the Company provides that any Directors who are appointed to fill casual vacancies or as an additional Director shall hold office only until the first annual general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Accordingly, Mr. He and Ms. Chan will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 25 July 2025. Each of them 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 proposed re-election of Mr. He and Ms. Chan as independent non-executive Director.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms. Liu is primarily responsible for managing the Board. Ms. Liu also chaired the Board meetings and briefed the Board members on the issues arising at the Board meetings. During the Reporting Year, the Company did not name any officer with the title “Chief executive officer”. The Directors are supported by the senior management in the day-to-day management of the Group’s business.

On 29 December 2023, Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) resigned as chairman of the Board (the “**Chairman**”) and an executive Director. Upon the resignation of Mr. Tang, the Company has been in the process of identifying a suitable candidate to fill the vacancy of the Chairman as soon as possible.

## DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

## 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 www.hkexnews.hk and the Company’s website at www.irasia.com/listco/hk/chinanewcons. All the 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.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include 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 22 September 2017. The chairman of the Remuneration Committee is Mr. Ng, an independent non-executive Director, and other members included Mr. He and Ms. Chan, both independent non-executive Directors. The written terms of reference of the Remuneration Committee are 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 appropriate policy and structures for all aspects of 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 has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the Reporting Year. No Director or any of his/her associates were involved in deciding his/her own remuneration.

## NOMINATION COMMITTEE

The Nomination Committee was established on 22 September 2017. The chairman of the Nomination Committee is Ms. Chan, an independent non-executive Director, and other members include Mr. He and Mr. Ng, both independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is 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. As of the date of this report, the Company has a Board and the Nomination Committee consisting of at least one director of a different gender, in accordance with the CG Code.

## AUDIT COMMITTEE

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. He, an independent non-executive Director, and other members included Ms. Chan and Mr. Ng, both independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members of non-executive Directors only and the majority of the members of the Audit Committee being independent non-executive Directors and chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

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

During the Reporting Year, the Audit Committee held two meetings to review and comment on the company's 2024 annual results and interim results as well as the Company's internal control procedures and risk management system.

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

## INDEPENDENT BOARD COMMITTEE

The Board had established an independent board committee of the Company, comprising Mr. He, Ms. Chan and Ms. Liu (all independent non-executive Directors) to advise the independent shareholders of the Company in respect of the 2023 Rights Issue. Details of which are set out in the circular of the Company dated 23 March 2023.

## 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 Reporting Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Director(s).

Subsequent to the reporting period, one meeting of each Audit Committee, Nomination Committee, Remuneration Committee and the Board was held on 23 June 2025, respectively. The forthcoming annual general meeting will be held on 25 July 2025.

The information below are details of all Directors' attendance at the Board meeting and Board committees' meeting held for the Reporting Year:

| | Board Meeting | Audit Committee Meeting | Remuneration Committee Meeting | Nomination Committee Meeting | 2024 AGM |
|---|---|---|---|---|---|
| | | | Number of Meetings Attended/Held | | |
| **Executive Director** | | | | | |
| Ms. Liu | 4/4 | 2/2 | 1/1 | 1/1 | 1/1 |
| **Independent non-executive Directors** | | | | | |
| Mr. He | 4/4 | 2/2 | 1/1 | 1/1 | 1/1 |
| Ms. Chan | 4/4 | 2/2 | 1/1 | 1/1 | 1/1 |
| Mr. Ng | 4/4 | 2/2 | 1/1 | 1/1 | 1/1 |

## JOINT COMPANY SECRETARIES

The joint company secretaries of the Company (the "**Joint Company Secretaries**") assist the Board by ensuring the Board policy and procedures are followed. The Joint Company Secretaries are also responsible for advising the Board on corporate governance matters.

Mr. Lee was appointed as the Company Secretary on 5 August 2021 and re-designated as one of the Joint Company Secretaries on 29 December 2023. Mr. Lee possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. Ms. Liu, an executive Director of the Company is the primary contact person of Mr. Lee.

Ms. Cheng was appointed as one of the Joint Company Secretaries on 29 December 2023. Ms. Cheng possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. The main contact person of Ms. Cheng is Mr. Lee, one of the Joint Company Secretaries.

For the Reporting Year, each of Mr. Lee and Ms. Cheng undertook no less than 15 hours of relevant professional training to develop his/her skills and knowledge. The biographical details of Mr. Lee and Ms. Cheng are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

## BOARD INDEPENDENCE

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views are available.

The current composition of the Board, comprising more than one third of the Board being independent non-executive Directors, and the members of the Audit Committee are all independent non-executive Directors and comply with the independence requirements under the Listing Rules. The Nomination Committee, Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

The Company has reviewed the implementation of the mechanisms in relation to the Board Independence and considered it to be effective during the Reporting Year.

## BOARD DIVERSITY POLICY

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

### Summary of the Board Diversity Policy

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

### Measurable Objectives

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

### Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

For the Reporting Year, the Company has maintained an effective Board comprising members of different genders, age, experience, cultural and educational background, expertise, skills and know-how. As at the date of this report, the Company has a Board and the Nomination Committee consisting of at least one director of a different gender. The Board considers that the gender diversity in respect of the composition of the Board and the Nomination Committee, taking into account the business model and specific needs of the Company, is satisfactory and in compliance of the CG Code.

## NOMINATION POLICY

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

### Summary of the Nomination Policy

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

### Measurable Objectives

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

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximise shareholders' value.

### Re-election of Director at General Meeting

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

(a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

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

## Nomination Process

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

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

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

## Monitoring and Reporting

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

## Review of Nomination Policy

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

## Disclosure of Nomination Policy

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

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

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

## AUDITOR'S REMUNERATION

RSM Hong Kong is appointed as the external auditor of the Company, the fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$0.5 million and HK$0.1 million respectively for the Reporting Year.

## SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interest and rights is to separate resolutions proposed at the shareholders' meeting on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM 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 10% of the voting rights (on a one vote per share basis) in the issued share capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") pursuant to Article 64 of the Articles of Association. 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 Articles of Association for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

## 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 asset 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 a risk management procedures which comprised the following steps:

– Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

– Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

– Risk mitigation: Develop effective control activities to mitigate the risks.

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

### Anti-Corruption

The Group is committed to preventing, detecting, and reporting to any levels of bribery and corruption. The Anti-Corruption Policy was adopted in June 2023 to provide principles for all directors, officers, and employees to operate conduct business with integrity and to reduce the risk of corruption and bribery. The Group conducts periodic and systematic fraud risk assessments to mitigate fraud risks identified internally and externally. Proper trainings and briefings related to bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance will also be provided to all employees.

### Whistleblowing

A Whistleblowing Policy was adopted in June 2023 to provide guidance on the procedure of reporting allegations of any fraud and misconduct, malpractice or irregularity by employees and stakeholders. All filed whistleblowing reports and the identity of the whistleblowers are treated in a strictly confidential manner in accordance with the procedures set out in the policy. The matter raised may be investigated internally and referred to the Board, or be referred to external lawyers or auditors.

Once the investigation is completed, a report including the impact of the matter reported and an action plan will be prepared by the Audit Committee. Disciplinary and other appropriate actions will be determined by the responsible line management while recommendations will be made by the Audit Committee for the Board's final decision on the actions required.

No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations was reported during the Reporting Year. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

## 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 GEM 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 Hong Kong Exchanges and Clearing Limited's website and the Company's website.

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 Reporting Year 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 Reporting Year as required under CG Code C.2.5. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communicated with the Company's external auditor 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.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a 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, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website www.hkexnews.hk and the Company's website www.irasia.com/listco/hk/chinanewcons;

(ii) periodic announcements are made through the Stock Exchange and published on the respective website 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 view 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 keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post the Company's principal place of business in Hong Kong.

Save for the amendments to memorandum and articles of association and adoption of the amended and restated memorandum and articles of association of the Company on 26 August 2022, there was no significant change to the Company's memorandum and articles of association during the Reporting Year.

# Environmental, Social and Governance Report

## PREAMBLE

China New Consumption Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is one of the experienced foundation contractors founded in Hong Kong. In addition to specialising in bored piling construction, including the removal of pre-existing foundation or obstructing piles for urban renewal or railway projects, the Group also operates the construction machinery rental businesses. As a construction service provider, the Group has demonstrated its commitment to sustainable development by incorporating environmental, social, and governance ("**ESG**") concepts into its business operations. The Group has put great efforts in adopting sound ESG governance framework and approaches, while contributing to local communities along with long-term business success.

Nowadays, corporate ESG management has gained increasing concerns. Acknowledging the importance of outstanding ESG management, the Group is dedicated to establishing robust mechanisms for ESG leadership and governance. To effectively address its material ESG issues, the Group takes its responsibility for integrating ESG practices into its business strategies and managing ESG-related affairs. In consideration of valuable insights from its key stakeholders, the Group regularly interacts with its internal and external stakeholders to improve its sustainability practices. Moreover, the Group enhances its ESG risk management with its stakeholders' expertise and experience.

In the future, the Group will continuously support the government's green initiatives and implement sustainable practices to minimise adverse environmental impacts induced by its operations. In particular, the Group has been trying to explore various alternatives for carbon-intensive concrete, which attributes to the generation of carbon footprints from the construction industry. Taking its environmental stewardship, the Group will collaborate with other industries to leverage their knowledge and skills to contribute to a more sustainable future, enhancing the resilience of the whole industry. While developing measures to protect the environment, the Group also participates in community services, fulfilling its corporate social responsibility and leading to a thriving society.

## ABOUT THE REPORT

In compliance with the requirements set out in the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") contained in Appendix C2 of the GEM Listing Rules of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under "Comply or Explain" provision, the Group is pleased to present its Environmental, Social and Governance Report (the "**ESG Report**") outlining its ESG initiatives, plans and performances of the Group and showcases its commitment to sustainable development for the year from 1 April 2024 to 31 March 2025 ("**FY2024/2025**" or "**reporting year**").

### Reporting boundary

Consistently adopting the operational control approach, this ESG Report covers the environmental and social performance of the main business operations of the Group in the realm of bored piling construction and its office operations in Hong Kong. During the reporting year, a new subsidiary Goldstone Industrial (HK) Limited ("**GIHKL**") was established in February 2025. Given that GIHKL was established near the end of the reporting period, and GIHKL, the Goldstone International Investment Development Company Limited (formerly known as the Goldstone Communications Limited ("**GCL**") and the Greater Bay Area Development Group Limited ("**GBA**") constituted a relatively small part of the Group's business, the Group believes their ESG performances were relatively insignificant compared to other subsidiaries. As such, following the principle of Materiality, the environmental performance disclosed in this ESG Report mainly covers that of the Triangular Force Construction Engineering Limited ("**Triangular Force**") and the TMP Machinery Engineering Limited ("**TMP Machinery**").

# Environmental, Social and Governance Report

This ESG Report covers the period from 1 April 2024 to 31 March 2025, unless specifically stated otherwise. This ESG Report was prepared in both English and Chinese. For any conflicts or inconsistencies, the English version shall prevail.

For the Group's corporate governance practices, please refer to the section "Corporate Governance Report" in the Annual Report.

## Reporting principles

This ESG Report was prepared with reference to the reporting principles set forth in the ESG Guide of the Stock Exchange. Therefore, the compilation of this ESG Report was based on four reporting principles, namely Materiality, Quantitative, Balance, and Consistency.

| Materiality | Quantitative |
| --- | --- |
| Applying the principle of materiality, the Group conducts materiality assessments to proactively identify material ESG issues that may have great impacts on its business activities. With internal and external stakeholder engagement, the Group gathers their opinions on a list of ESG topics and prioritises material ESG issues. For more details in the identification and prioritisation, please refer to the section "**Materiality Assessment**" | The principle of quantitative ensures that the Group's disclosure of its environmental and social performance in this ESG Report is measurable. With a series of key performance indicators ("**KPIs**"), including emissions, consumption of natural resources, and employment data. Calculation methods, assumptions, and source of conversion factors are stated clearly in the footnotes of the corresponding performance tables. |
| **Balance** | **Consistency** |
| To allow readers to make informed decisions and judgement, the Group provides an unbiased picture of its ESG performance. In the compilation of this ESG Report, the Group presents both its outstanding achievement and areas of improvement. | To allow peer benchmarking, this ESG Report is prepared with reference to internationally and locally recognised standards and frameworks. The Group adopts consistent methodologies to facilitate meaningful comparisons across years. Any significant changes will be stated clearly at the corresponding sections. |

## Information disclosure

The information in this ESG Report was gathered from official documents and statistics of the Group, the integrated information on supervision, management approach, and operating process in accordance with relevant policies, the internal quantitative and qualitative data through online questionnaires, and the sustainability practices of different business divisions of the Group. A complete content index is available at the end of this ESG report for readers' convenience to check its integrity.

### Stakeholder feedback

Valuing its stakeholders' opinions and striving for excellence, the Group welcomes feedback from its stakeholders, particularly those relating to the most material ESG issues identified. Readers are also welcomed to share their views on this ESG Report and relevant issues with the Group via:

Postal address: Room 204, 2/F, Yue Shing Commercial Building, 15 Queen Victoria Street, Central, Hong Kong

Email address: info@chinanewcons.com

## THE ESG GOVERNANCE STRUCTURE

The Group believes that robust governance plays an important role in achieving long-term business success. Under the governance structure framework, the Group's Board of Directors (the "**Board**") takes its leading role in ESG management, with ultimate responsibility for overseeing ESG strategies of the Group. Meanwhile, the Board regularly reviews and evaluates the severity of the impacts associated with material ESG issues on the Group's operations.

For the Group's ESG management, it primarily consists of two areas as considered to be the most material ESG issues to the Group, which are environmental protection and employees' well-being. As the Group understands that communication is crucial in addressing affairs collaboratively, an ESG Taskforce (the "**Taskforce**") has been established to facilitate information sharing between executives and operation units. The Taskforce is made up with core members of different departments, with one of the directors being the chairperson. In addition to assisting the implementation and evaluating the effectiveness of the Group's ESG internal control mechanisms, the Taskforce is also responsible for reporting to the Board regularly.

With the oversight of the Board, the Group has established sub-committees, including the audit committee and the risk management committee, to foster and improve its sustainability performance within their remits. In particular, the management representative monitors the annual audit on material ESG issues, while the company secretary updates the Board with the latest information and incorporates material ESG- and climate-related issues into the Board meetings' agenda for discussions. Additionally, the Board and the Group's management engage with external professional organisations timely to receive advice and keep informed of the latest information on climate-related risks and opportunities.

With the discussions of the Group's management, it is believed that the consumption of resources is one of the most material ESG issues to the Group. To monitor and improve its ESG performance effectively and efficiently, the Group has developed a set of KPIs to keep track of its environmental and social performance, particularly resource consumption. These KPIs allow the Group's management to analyse its performance progress, and the outcomes will be reported to the Board for regular review.

# Environmental, Social and Governance Report

## MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

Given the growing focus on sustainability, we are committed to building a robust governance framework and adopting thorough ESG management practices to strengthen our ESG performance. To achieve this, we continuously integrate sustainability into our business strategies, leveraging our expertise to enhance the Group's ESG governance and operations. We aim to sustain long-term business growth while fulfilling our corporate social responsibilities, including fostering a safe and ethical workplace. Recognising the escalating effects of climate change on society and the environment, we also put our efforts in minimising the ecological footprints of our operations.

### Our ESG Management Approaches

To effectively identify material ESG issues with significant business impacts and timely develop measures to address relevant issues, we have prioritised material ESG issues based on our materiality assessment findings. These results are mapped on a well-defined matrix and reported to the Board for endorsement, ensuring alignment with the Group's interests and its stakeholders' expectations. More details are available in the chapter headed "**Stakeholder Engagement**".

In view of our business nature, the Group inevitably consumes resources such as water, diesel, and concrete. In response, we have set short-term reduction targets based on resource consumption patterns in FY2024/2025, along with actionable plans to achieve them. For details, please refer to the subsections headed "**Targets and Actions**" under sections headed "**A.1. Emissions**" and "**A.2. Use of Resources**".

### Looking Ahead

Looking ahead, we will introduce and implement more initiatives to strengthen our ESG management and improve our ESG performance. We will regularly assess and refine our ESG goals to ensure measurable progress and continuous improvement. By embedding green development concepts into our core business strategies and operations, we are committed to minimising our environmental impacts and achieving long-term sustainable development.

On behalf of the Board, I hereby present our FY2024/2025 ESG Report, summarising our ESG performance and strategies as we move towards an environmentally sustainable and socially responsible future.

**Ms. Liu Ching Man**
*Executive Director*

23 June 2025

## STAKEHOLDER ENGAGEMENT

The Group has emphasised the communication with its key stakeholders over years. Valuing its stakeholders' opinions on its business and ESG issues and meeting their needs, the Group engages with its stakeholders on a regular basis to understand their expectations and concerns. The interactions with its stakeholders allow the Group to prioritise and identify material ESG issues of the Group and hence develop policies and measures to foster sustainability in these areas. The Group has proactively engaged with various groups of key stakeholders through the following channels:

| Stakeholders | Expectations and Concerns | Communication Channels |
|---|---|---|
| Shareholders and investors | • Return on investments<br>• Corporate governance<br>• Business compliance<br>• Protect the voting rights of shareholders and investors<br>• Director appointment<br>• Integrity and anti-corruption | • Annual reports, interim reports and quarterly reports<br>• Announcements and circulars<br>• Corporate website<br>• Hong Kong Share Registrar<br>• Annual general meetings |
| Customers and business partners | • High quality products and services<br>• Protect the rights of customers | • Customer satisfaction survey<br>• Face-to-face meetings and on-site visits<br>• Customer service hotline and email |
| Employees | • Employees' compensation and benefits<br>• Career development<br>• Healthy and safe working environment | • Training, seminars and briefing sessions<br>• Regular performance reviews<br>• Emails, notice boards, hotline, activities with the management |
| Suppliers and subcontractors | • Win-win collaboration<br>• Sustainable supply chain | • Open tendering<br>• Suppliers' satisfactory assessment<br>• Face-to-face meetings and on-site visits<br>• Industry seminars |
| Regulatory bodies and government authorities | • Compliance with laws and regulations<br>• Support local economic development | • Supervision on the compliance with local laws and regulations<br>• Routine reports and tax payments |
| Media, NGO (Non-Governmental Organisation) and the public | • Involvement in the communities<br>• Business compliance<br>• Environmental protection awareness<br>• Transparency and reliability | • Media conferences and responses to enquiries<br>• Public welfare activities<br>• ESG Report<br>• Corporate website |

## Materiality assessment

The Group recognises that each business encounters unique ESG risks and opportunities based on their business natures, thereby actively identifying and addressing its specific ones. In FY2024/2025, the Group conducted a materiality assessment to understand the concerns and interests of its stakeholders and hence identify its material ESG issues. With the support from an external consulting agency, a comprehensive and objective materiality assessment was delivered. This process involved direct engagement with key stakeholders through surveys, allowing them to rate a list of ESG issues and provide feedback on relevant issues. Based on the findings of the materiality assessment, the Group continued to formulate its ESG strategies and approaches accordingly during the reporting year. The materiality assessment was conducted with the steps summarised below:

### Step 1: Stakeholder identification

In addition to the extent of influences of the Group's operations on stakeholders, the Group also identified its key stakeholder groups according to the ability of stakeholders to affect its business decisions. With well-selected key stakeholder groups, the Group invited representatives or representative organisations of each key stakeholder group to fill in an online survey. For the materiality assessment of FY2024/2025, key stakeholders included senior management and directors of the Company.

### Step 2: Desktop impact assessment

A desktop impact assessment was then conducted to obtain a list of prioritised ESG issues relating to its operations.

1 Greenhouse Gas ("**GHG**") Emissions
2 Energy Management
3 Water and Wastewater Management
4 Solid Waste Stewardship
5 Climate Change Mitigation and Adaptation
6 Renewable and Clean Energy
7 Labour Practices
8 Employee Remuneration and Benefits
9 Occupational Health and Safety
10 Employee Development and Training
11 Green Procurement
12 Engagement with Suppliers
13 Environmental and Social Risk Management of Supply Chain
14 Supply Chain Resilience
15 Product/Service Quality and Safety
16 Customer Privacy and Data Security
17 Marketing and Promotion
18 Intellectual Property Rights
19 Labelling Relating to Products/Services
20 Business Ethics and Anti-corruption
21 Internal Grievance Mechanism
22 Participation in Philanthropy
23 Cultivation of Local Employment
24 Support of Local Economic Development
25 Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
26 Management of the Legal and Regulatory Environment (Regulation-compliance Management)
27 Critical Incident Risk Responsiveness
28 Systemic Risk Management (e.g. Financial Crisis)

### Step 3: Prioritisation

The scores on ESG issues rated by the invited key stakeholders were evaluated. With the analysis on the weighted average of each issue, material ESG issues of the Group were identified.

### Step 4: Validation

Based on the analysed results, the following 2 issues were identified to be most material to the Group and were prioritised throughout the strategy development process:

- Business Ethics and Anti-corruption
- Internal Grievance Mechanism

During the meeting of the Group's executive committee, the senior management of the Group discussed and endorsed the outcomes of the materiality assessment while formulating relevant and effective management policies and internal control systems against the material ESG issues identified.

## Progressing towards SDGs

Sustainable Development Goals ("**SDGs**"), a set of 17 goals introduced by the United Nations ("**UN**"), provide a framework for countries and organisations to foster a sustainable world by 2030. Addressing ESG issues are important, and the UNSDGs can be adopted in ESG management in terms of policy development and regulatory updates for review. The Group has identified and integrated relevant SDGs into its ESG management strategies and measures to demonstrate its ESG commitments while aligning with the global trend.

Following the SDG Compass, SDG 3: Good Health and Well-being was identified to be the goal most relevant to the Group's business operations, aiming to bring positive impacts.

## SDG 3: Good Health and Well-being

As a key player in the Hong Kong's construction industry, the Group prioritises the health and safety of its employees by implementing comprehensive protective measures in compliance with the applicable laws and regulations. Regular emergency drills and safety work meetings are conducted to reinforce the awareness of workplace safety among workers. Meanwhile, the Group maintains its steadfast commitment to achieving zero work-related fatalities. Through the establishment and implementation of a series of onsite safety initiatives, the Group safeguards its employees from occupational hazards and risks. For more details, please refer to the section headed "**Health and Safety**".

## ENVIRONMENTAL SUSTAINABILITY

As part of its commitment to environmental management, the Group incorporates relevant sustainability concepts into its management strategies and strives to minimise its environmental nuisances induced by its developmental projects and office operations. Moving towards sustainable development, the Group has actively developed and implemented measures to improve efficiency in resource consumption, regulate emissions, strengthen the implementation of environmental initiatives, and promote the eco-friendly operation mode.

This section primarily presents the Group's policies and practices relating to emissions, use of resources, the environment and natural resources, and climate change during the reporting year. For details on quantitative data regarding emissions and the use of resources, please refer to Table E1 and E2 in the chapter headed "**Appendix**".

### A.1. Emissions

The Group is dedicated to controlling and minimising its emissions and carbon footprints during its operations. Therefore, the Group strictly adheres to relevant local environmental laws and regulations to lower its emissions. In FY2024/2025, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise that have a significant impact on the Group, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

#### Air Emissions

Due to its business nature, the Group's air emissions were mainly attributed to stationary diesel combustion of onsite machinery, and mobile diesel combustion of vehicle fuels for transportation in FY2024/2025. The air emissions of sulphur oxides ("**$SO_x$**"), nitrogen oxides ("**$NO_x$**"), and particulate matter ("**PM**") generated during the reporting year were 0.39 kg, 198.38 kg, and 14.28 kg respectively. Compared with the air emissions generated during the previous reporting year, the absolute emissions of $NO_x$ and PM decreased slightly by 8.69% and 8.68% respectively while that of $SO_x$ increased by 0.56% in FY2024/2025.

Acknowledging the adverse impacts brought by its air emissions, the Group strives to direct more resources into monitoring and regulating its air emissions generated at sources, including the onsite machinery and transportation vehicles. In particular, the Group has reviewed and upgraded its construction equipment with energy efficient ones and improved its vehicle management, thereby minimising diesel consumption and the resulted air pollutants. In FY2024/2025, the Group implemented the following measures to lower its air emissions while continuously fostering its business growth:

- Electrify its assets including its construction equipment and its fleet in a stepwise manner; and
- Reduce unnecessary travels by adopting advanced online technologies for remote communication.

In addition to implementing internal policies to minimise its air emissions, the Group has proactively held educational activities to promote the importance of reducing carbon footprints.

### GHG Emissions

As a foundation contractor providing services of bored piling construction, the Group consumes fossil fuels such as diesel for onsite machinery and on-road fleet, as well as electricity in offices. In FY2024/2025, the Group generated a total of 2,300.75 tonnes of $CO_2$e from various business activities. The total GHG emissions involved Scope 1 (Direct Emissions), Scope 2 (Energy Indirect Emissions), and Scope 3 (Other Indirect Emissions) GHG emissions, amounting to 2,279.91 tonnes of $CO_2$e, 20.27 tonnes of $CO_2$e, and 0.57 tonnes of $CO_2$e respectively. Attributed to the decreasing diesel consumption, the total GHG emissions in FY2024/2025 decreased by 19.57% when compared with the previous reporting year.

In FY2024/2025, the Group's GHG emission profile was similar to that in the previous reporting year. The Group's Scope 1 GHG emissions dominated 99.09% of the profile due to diesel combustion within the reporting boundary. Meanwhile, the Group's Scope 2 GHG emissions were attributed to the consumption of purchased electricity and Scope 3 GHG emissions arose from the electricity used for processing fresh water and sewage by government departments.

The Group understands that its operations can pose threats to the environment. Therefore, the Group strives to implement standardised internal policies and practices on the environmental aspect to control its operations and GHG emissions while encouraging its employees to jointly conserve energy. Meanwhile, the Group considers that its GHG emissions associate with its consumption of diesel and electricity such resources, thereby proactively adopted electricity and energy conservation measures to minimise its GHG emissions. The details on environmental policies and actions taken by the Group are outlined in subsections headed "**Electricity**" and "**Other Energy Resources**".

### Solid Waste

In FY2024/2025, the Group generated 101.00 tonnes of non-hazardous solid waste, which had a 39.16% reduction when compared with that in the previous reporting year. To minimise its waste generation, the Group has stringently implemented well-defined internal policies to manage its waste disposal practices in compliance with relevant laws and regulations on waste management. During the reporting year, the Group did not generate any hazardous solid waste due to its business nature. In case of any hazardous waste is generated onsite, the Group will coordinate with qualified waste collectors to handle hazardous wastes to ensure that all hazardous wastes are properly addressed.

The Group's waste management policies align with the "3R Principle" – Reduce, Reuse, and Recycle, which aim to minimise waste disposal into landfills and promote the best use of natural resources. Additionally, the Group has implemented initiatives to handle onsite solid waste, as well as waste reduction measures at construction sites and offices, to minimise negative environmental impacts brought by its generation of non-hazardous wastes.

#### Bored Piling Construction Business

In FY2024/2025, the Group complied with relevant laws and regulations relating to onsite waste disposal. During the reporting year, the Group's principal solid waste was excess mud resulting from the onsite bored piling construction operations. The Group engages with qualified waste collectors to address waste generated from construction activities. In particular, collectors are responsible for transporting mud and other construction wastes including gravels either to designated landfills for disposal or construction sites for reuse. Moreover, certain land excavation waste is directly transported to areas where backfilling is needed. To increase its recycling efficiency, the Group collects and sorts recyclables from waste instead of sending mixed recyclables to recycling stations for further treatment and reuse.

### Office

In FY2024/2025, the solid wastes generated from the Group's offices were primarily domestic and commercial waste. During the reporting year, a centralised rubbish bin was in use for collecting solid waste in the office, aiming to regulate waste disposal. The property management of the building regularly handles the collected waste, and relevant municipal departments disposes of the waste. To minimise its generation of solid waste, the Group has implemented environment-friendly practices as shown below:

- Recycle as much solid waste as possible through the "collected and classified" approach;
- Increase employees' awareness of resource conservation and waste reduction through education; and
- Promote the reuse of office stationeries.

The Group has established a benchmarking system to further monitor and compare its environmental performance at construction sites, including the performance of mud treatment, strengthening its onsite solid waste management. In the future, the Group plans to expand its disclosure scope to include all different kinds of solid waste generated during its business operations so as to ensure a comprehensive overview of its environmental performance. Therefore, the Group will propose the development and adoption of digital tools and systems for smooth and consistent recording, collection, and analysis of waste data across the Group's operations.

It is the Group's commitment to reviewing and improving its waste reduction measures in alignment with practical situations, as well as advocating recycling campaigns to enhance employees' awareness. Furthermore, the Group explores the feasibility of waste management contracts and procurement strategies to reinforce sustainable waste management among suppliers and subcontractors along its value chain, contributing to environmental protection together with other parties.

## Wastewater

### Bored Piling Construction Business

In FY2024/2025, the bored piling construction business generated a total of 1,209.00 $m^3$ of wastewater, which were mainly bored piling and drilling sewage during operations. In accordance with the requirements of the Water Pollution Control Ordinance (WPCO) license, the Group has established wastewater treatment facilities onsite for wastewater treatment and wastewater quality assessment with experimental tests on certain parameters including pH levels, ensuring the wastewater discharged fulfils the regulatory standards. In particular, sedimentation tanks have been adopted for treating muddy water from its operations, and chemical such as coagulants are added during the process to increase the sedimentation efficiency.

In addition to compliance with the terms and conditions of the valid WPCO license, the Group has obtained relevant licenses for discharging wastewater from construction sites in order to better monitor and manage all discharges. Meanwhile, the Group proactively searches for potential methods in lowering its generation of wastewater. To further protect natural water bodies, the Group strictly controls the quality of discharged wastewater and ensures wastewater discharged meets the regulatory requirements.

### Office

During the reporting year, all domestic wastewater generated from the Group's offices was directly discharged into the building's sewerage network, with proper treatment managed by the property management before entering municipal drainage systems. Recognising the positive correlation between wastewater generated and freshwater consumption, the Group has implemented various measures to regulate and lower its water consumption. These initiatives are detailed in the subsection headed "**Water**".

## Noise

During the reporting year, the primary noise sources during the bored piling construction processes were machinery and equipment. The Group strictly adheres to the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) and only operates equipment within permitted hours. Additionally, the Group has implemented multiple noise-reducing facilities to mitigate impacts induced by the noise generated. In particular, the Group has installed construction noise barriers and utilised shock pads on crushing at construction sites. Meanwhile, real-time sound monitoring equipment was deployed and equipment with the Quality Powered Mechanical Equipment (QPME) Label was prioritised during procurement.

## Dust

Recognising that construction activities, particularly piling works, may generate dust and air pollutants, the Group has implemented rigorous dust control measures across all construction sites. These efforts not only ensure compliance with the Air Pollution Control (Construction Dust) Regulation (Cap. 311R of the Laws of Hong Kong) but also maintain good air quality and workers' well-being. Routine measures for dust suppression include:

- Establish a car wash station at the entrance of construction sites to prevent vehicles from bringing dust and mud away;
- Install pressure spray dust removal device along the main road of construction sites;
- Set up an enclosure and dust screen with a height of not less than 1.8 meters around construction sites during the construction period;
- Enclose hoist by impervious covering;
- Utilise sealed equipment to transport mud and dust;
- Rinse the ground or drizzle water every day to clean dust and avoid mud accumulation;
- Gear equipment up with vacuum cleaner to control dust; and
- Adopt hard paving on open area.

## Targets and Actions

| Areas | Targets | Actions and Practices |
|---|---|---|
| Air and GHG Emissions | Taking FY2024/2025 as the baseline year, the Group targets that the amount of air and GHG emissions in FY2025/2026 within the same scope will not be higher than those in FY2024/2025.<br><br>**Triangular Force**<br>Taking FY2024/2025 as the baseline year, the subsidiary targets that the intensity of $SO_x$ emissions in FY2025/2026 within the same scope will be reduced by 30%. | The Group encourages carpooling and public transportation to lower air and GHG emissions arose from diesel consumption.<br><br>In the future, the Group will further refine its operational standards and practices to lower environmental impacts across construction activities. |
| Solid Waste and Wastewater | Taking FY2024/2025 as the baseline year, the Group targets that the amount of solid waste and wastewater in FY2025/2026 within the same scope will not be higher than those in FY2024/2025.<br><br>**Triangular Force**<br>Taking FY2024/2025 as the baseline year, the subsidiary targets that the amount of solid waste in FY2025/2026 within the same scope will be reduced by 30%. | The Group will further promote employee educational programmes to minimise environmental impacts while rigorously applying the "3R Principle" – Reduce, Reuse, Recycle to improve solid waste and wastewater management. Moreover, the Group will implement feasible measures to reduce waste generation and discharges.<br><br>For office operations, where wastewater and solid waste are centrally collected, the Group will enhance data tracking and analysis to establish measurable and achievable reduction targets against its office activities. |

## A.2. Use of resources

In FY2024/2025, the Group mainly consumed resources of electricity, diesel, water, and construction raw materials. Due to its business nature, the Group did not consume any packaging materials during the reporting year.

### Electricity

The Group's electricity consumption during the reporting year was primarily utilised for daily operations of its offices and the consumption of electrical equipment and machineries. In FY2024/2025, the Group's electricity consumption was 54,779 kWh, and the consumption slightly increased by 5.40% when compared with that in the previous reporting year.

The Group mandates strict compliance with internal policies and practices on electricity conservation across all construction sites. To optimise energy efficiency and lower consumption, the Group has integrated the mindset of "Saving Electricity" into its operational strategies, supported by the following specific measures:

- Turn off all electrical appliances, particularly power consumption equipment, at the end of the day;
- Switch off all idling electrical appliances including lights and air conditioners, particularly during lunchtime;
- Prioritise electrical appliances and models with Grade 1 energy efficiency label during procurement;
- Replace energy-intensive equipment with energy-efficient ones;
- Install timers with connection to all the electrical equipment in public areas;
- Conduct routine inspections and repair facilities and machinery at construction sites to ensure efficiency;
- Enhance the monitoring and control of cooling systems to maintain optimal indoor temperatures of 24–26°C;
- Encourage all employees to open curtains to utilise natural sunlight for lighting in the office when possible; and
- Adopt thermal insulated and light reflective films on windows to reduce heat entering the indoor environment.

## Other Energy Resources

The Group consumed diesel for the operations of onsite machinery and vehicles, and the diesel consumption of the Group was 849,408.00 litres in FY2024/2025. The Group's diesel consumption decreased by 19.73% when compared with that in the previous reporting year, and the onsite machinery accounted for most of its diesel consumption. The Group has spared no efforts in exploring opportunities to replace existing equipment with electric-powered ones in the future, thereby lowering its reliance on fossil fuels while fostering its business growth.

Currently, the Group proactively promotes sustainable commuting practices among employees, emphasising the use of public transportation instead of private vehicles and the adoption of virtual meetings to reduce business travels. During its procurement processes, the Group adheres to the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation and prioritises energy-efficient onsite machinery and equipment with the Green Label issued by the Environmental Protection Department (EPD) of Hong Kong. The Group's energy management approach includes the following specific measures:

- Compare the energy efficiency, and air and GHG emissions of piling machines and equipment for foundation works during the procurement;
- Comply with the requirements set forth in relevant environmental regulations and standards issued by the EPD, such as controls and standards of the Non-Road Mobile Machinery (NRMM) Regulation;
- Promote the "low-carbon lifestyle" with consideration of adopting public transport over driving private cars among employees; and
- Strengthen the employees' education of environmental protection to enhance their knowledge of energy conservation in daily lives and work.

## Water

Water is a part of the Group's necessary consumables for its daily operations due to its business nature. In FY2024/2025, the Group did not face any problems in sourcing water that is fit for its purpose, and its total water consumption was 1,209.00 $m^3$, with 7.09% higher than that in the previous reporting year.

The Group is committed to enhancing its employees' awareness on water conservation, thereby providing educational seminars and activities to promote the idea of reducing, reusing, and recycling water resources. Embedding the principle of "Saving Water" in its daily operations, the Group has encouraged its construction sites to reduce water consumption by reusing onsite wastewater. To further enhance water efficiency, the following measures have been implemented:

- Display "Saving Water Resource" posters in prominent places to encourage water conservation;
- Repair dripping taps immediately and avoid leaking within water supply system;
- Enhance the inspection and maintenance on water taps, water pipelines, and water storage tanks;
- Establish quotas and targets for water consumption restrictions for staff to save water;
- Prioritise water-efficient equipment with Water Efficiency Labels; and
- Install rainwater harvest systems and increase water reuse rate at construction sites.

### Paper

The Group's paper consumption was primarily for administrative purposes of offices. Although there was no paper consumption recorded in FY2024/2025, the Group has implemented the following measures to minimise its paper consumption:

- Advocate the concept of "Paperless Office" and share information through electronic means as much as possible;
- Set duplex printing as the default mode for all network printers when printing is necessary;
- Prioritise suppliers with more environment-friendly paper sources such as the certification of Forest Stewardship Council (FSC);
- Place boxes and trays near the printing machines to collect single-sided paper for reuse and recycling; and
- Encourage guests to use electronic invoices instead of paper ones.

### Construction raw materials

As a key material for the Group's bored piling construction business, concrete consumption is unavoidable. The Group proactively optimises material consumption and operational efficiency to minimise environmental impacts from construction activities. Leveraging its dedicated efforts in research and development, the Group has been investigating new construction materials that are more environment-friendly. This continuous improvement approach demonstrates the Group's commitment to sustainable construction practices while delivering high-quality end products.

### Targets and Actions

| Areas | Targets | Actions and Practices |
|---|---|---|
| Electricity | Taking FY2024/2025 as the baseline year, the Group targets that the intensity of its electricity consumption in FY2025/2026 within the same scope will not be higher than that in FY2024/2025.<br><br>**Triangular Force**<br>Taking FY2024/2025 as the baseline year, the subsidiary targets that the intensity of electricity consumption in FY2025/2026 within the same scope will be reduced by 30%. | Beyond promoting the concept of "Saving Electricity" and implementing electricity management measures, the Group prioritises energy-efficient equipment across all operations. During procurement, energy-efficient office supplies and onsite equipment will be selected to lower electricity consumption and improve energy efficiency. |
| Other Energy Resources | Taking FY2024/2025 as the baseline year, the Group targets that the amount of diesel consumption in FY2025/2026 within the same scope will not be higher than that in FY2024/2025. | Recognising that machinery operations and vehicle fleets attribute to its primary sources of air pollutants and GHG emissions, the Group has implemented comprehensive diesel management initiatives. In particular, the Group promotes the adoption of carpooling and mass transit for business travels to lower diesel consumption for vehicle fleets.<br><br>Moreover, the Group proposes to phase out diesel-powered machinery and transition to electric alternatives in order to reduce its operational dependence on diesel, minimising its air and GHG emissions. |
| Water | Taking FY2024/2025 as the baseline year, the Group targets that the amount of water consumption in FY2025/2026 within the same scope will not be higher than that in FY2024/2025.<br><br>**Triangular Force**<br>Taking FY2024/2025 as the baseline year, the subsidiary targets that the intensity of water consumption in FY2025/2026 within the same scope will be reduced by 30%. | The Group has embedded the concept of "Water Conservation" throughout its operations by employee engagement. In addition to displaying prominent reminders to enhance employees' awareness, the Group also promotes best practices and encourages behavioural changes to ensure efficient water consumption and conservation. |

## A.3. The environment and natural resources

Committed to lowering its environmental impacts across all operational activities, the Group has actively transformed its business operations with sustainable practices. While its bored piling construction business inherently has minimal environmental disruption, the Group continues to strengthen its environmental performance through proactive measures. With its ongoing environmental initiatives, the Group has reinforced its position as an environmentally responsible corporate in the construction sector.

According to the above analysis, the Group consumes energy sources of diesel and electricity, while generating air and GHG emissions, solid waste, wastewater, noise, and dust throughout its operations. The Group accounts these resource consumption and emissions as the relatively significant impacts to the environment and natural resources induced by the Group.

The Group has implemented innovative and feasible measures across its operations to mitigate negative environmental impacts. Recognising the importance of environmental sustainability, the Group has proactively established environment-friendly policies that drive continuous improvement in energy efficiency and environmental protection. The approach adopted includes prioritising energy-efficient onsite equipment and sustainable office supplies during procurement, along with adopting eco-friendly construction materials. Through effective implementation of these internal policies, the Group can identify potential environmental impacts and implement mitigation measures accordingly.

The Group actively supports the initiative of "Zero Waste to Landfill" by implementing comprehensive waste management practices along the life cycle throughout its operations. This includes strict adherence to principles of waste reduction, reuse, and recycling at construction sites and the incorporation of waste minimisation into long-term planning. Aligned with the Hong Kong government's Climate Action Plan 2030+, the Group has updated its environmental strategies. In FY2024/2025, the Group set clear, measurable, and time-bound targets for emissions and resource consumption with reference to its environmental performance and business strategies. These targets are reviewed annually and approved by the Board to ensure continuous improvement in the sustainability performance of the Group.

Building on its strong track record of environmental stewardship and environmental actions, the Group will continue strengthening internal policy implementation and developing action plans to further reduce environmental impacts. Under the Board's leadership, the Group's management and all other members remain committed to establishing robust performance metrics, evaluating the effectiveness of current measures, and identifying new sustainability opportunities across its business operations.

## A.4 Climate Change

To support Hong Kong's 2050 carbon neutrality goal and strengthen climate resilience, the Group has developed climate action plans with clear measures to address climate-related issues. These initiatives leverage the Group's expertise to enhance its capability and adaptability to potential climate-related risks and mitigate relevant risks.

While its Hong Kong-based operations did not face direct acute risks and impacts from climate change, the Group has proactively evaluated and identified its potential climate-related risks with reference to well-known framework, including the recommendation of the Task Force on Climate-Related Financial Disclosure ("**TCFD**"). In FY2024/2025, the Group identified primary physical risks of rising mean temperature and increasingly frequent and severe extreme weather events such as heatwaves, storms, and cyclones, inducing the Group will be threaten by these risks. These identified climate-related risks can disrupt supplier operations, leading to raw material shortages, increased operating costs of the Group, and project delays. As a result, there may be significant impacts brought to the Group's construction timelines and operational efficiency.

Currently, the Group is at the early stage of developing mitigation plans to address climate-related physical and transition risks. Nonetheless, the ESG Taskforce has been designated to be responsible for identifying and evaluating climate-related risks affecting the Group's operations. Additionally, the ESG Taskforce keeps the Board informed of the latest regulations, industry benchmarks, and best practices related to climate change, ensuring that the Board is regularly aware of the most updated news. Moving forward, the Group will progressively incorporate climate-related risks and opportunities into its environmental management system. By aligning with international frameworks, the Group aims to establish robust internal climate policies to enhance its overall climate management.

## SOCIAL SUSTAINABILITY

### Employment and Labour Practices

Recognising employees as the most valuable assets of its operations, the Group deeply appreciates each team member's contributions. The Group has implemented a comprehensive human resources management system designed to foster employees' well-being, ensure their health and safety, and support their continuous professional growth.

### B.1. Employment

The Group is dedicated to maintaining a fair, inclusive, and safe working environment for all employees. As such, the Group adheres to relevant laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

As of 31 March 2025, the Group had a total number of 22 employees. Detailed breakdown of the Group's workforce by age, gender, position level, and geographical location is outlined in Table S3 in the chapter headed "**Appendix**".

#### Law Compliance

The Group is committed to providing a secure and growth-oriented environment for employee career advancement. The Group has developed and maintained rigorous internal policies, including the "Staff Handbook", which establishes clear safety practices and professional code of conduct. The Group's and its subsidiaries' Human Resources Department review and update these policies to ensure compliance with the latest laws and regulations. In FY2024/2025, the Group's employment practices complied with the applicable laws and regulations, including:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong); and
- Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong).

#### Recruitment and Promotion

Aligning with the principle of "Openness, Fairness, Transparency, and Standardisation" across the recruitment processes, the Group has established transparent and clearly defined procedures to develop annual recruitment plans and conduct probationary assessments based on new hires' capabilities. Remuneration and benefits packages are designed to be competitive and equitable, taking individual qualifications, job experience, personal attributes, career aspirations, and market benchmarks into account. With these factors, the Group ensures its policies on remuneration and benefits effectively attract and retain talents to support its growth and development.

### Compensation and Dismissal

Understanding that talent retention is critical to its sustainable development, the Group conducts regular performance evaluations and adjusts compensation packages to reward employees with satisfying performances and strong potentials.

The Group maintains strict policies against any kind of unfair or illegitimate dismissals, as outlined in the "Staff Handbook". All employment decisions, including appointments, promotions, and contract terminations, are based on reasonable and lawful grounds. To ensure fairness, employees whose performance falls below expectations first receive verbal warnings, followed by official warning letters if improvements are not made. Dismissal occurs only as a last resort, and the dismissal processes are in full compliance with relevant laws in Hong Kong. Detailed breakdown of the Group's employee turnover by age, gender, and geographical location is summarised in Table S4 in the chapter headed "**Appendix**".

### Working Hours and Rest Periods

The Group is committed to maintaining healthy work-life balance for all employees by establishing clear internal policies aligned with local employment laws and regulations. In particular, an attendance management system has been implemented for monitoring employees' working hours and overtime compensation such as additional pay or time-off is provided to employees with approved extra work. Respecting the rights of its employees to take adequate rest, the Group ensures the provision of basic paid annual leave and statutory holidays to its employees, as well as marriage leave, maternity leave, and compassionate leave.

### Equal Opportunity, Diversity, and Anti-discrimination

Following the Equal Opportunities Commission's Code of Practice and all applicable laws, the Group promotes diversity and equality in the workplace. The Group's decisions on trainings, promotions, dismissals, and retirement policies are based on elements disregard of age, gender, marital status, pregnancy, family status, disability, race, colour, descent, ethnicity, nationality, religion, or any other non-job-related factors.

The Group fosters an inclusive, respectful, and fair working environment where employees' development is supported. Striving to promote a harmonious workplace, the Group has zero-tolerance towards workplace violence, sexual harassment, and discrimination. Relevant policies are outlined in the Group's "Staff Handbook", enhancing its employment practices and human resources management. Employees are encouraged to raise concerns regarding discrimination or other grievances confidentially to the Human Resources Department.

### Other benefits and welfare

The Group offers an extensive benefits package designed to strengthen its employees' sense of belonging. This includes employment injury insurance, fitness subsidies, examination subsidies, external training opportunities, festive bonuses, gifts, and family travel benefits. To regularly organise diverse entertaining events for employees, the Recreation Committee has been set up. These initiatives demonstrate the Group's commitment to fostering its employees' career growth while achieving work-life balance.

As the Group focused on business development in in FY2024/2025, the Group did not organise recreational activities for its employees. Nevertheless, the Group maintains strong commitment to rebuilding the vibrant workplace culture. There will be plans to reintroduce employee engagement initiatives, including annual dinner and Christmas party, to strengthen teams bonding and enhance working environment in the coming years.

The approach of prioritising employees' well-being and adopting human resources management has consistently been the Group's strategy in managing its employees. By cultivating a workforce that drives employees' personal growth, the Group has earned multiple prestigious awards and recognition for workplace practices among the construction industry.

In FY2024/2025, the Group complied with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

## B.2. Health and Safety

As a core aspect of its corporate social responsibility, the Group prioritises the "Safety First" principle above all operational decisions. The Group maintains an unwavering commitment to protecting the health and safety of every employee and site worker. Therefore, rigorous occupational health and safety policies have been developed to provide clear guidelines on work-related hazard prevention and mitigation in offices and construction sites.

### Law compliance

Safeguarding its employees' health with a secure working environment, the Group provides liability and compensation insurance for its employees, conducts safety training sessions, and implements health and safety policies in compliance with all applicable local laws and regulations, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Cap 282 of the Laws of Hong Kong).

In FY2024/2025, the Group complied with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

## Safety Measures

Guided by its Corporate Occupational Safety and Health Policy which was established in 2016, the Group has adhered to the Occupational Health and Safety Management (OHSAS 18001:2007) to establish rigorous monitoring and management policies on health and safety. Biannual health and safety reviews conducted by safety review officers evaluate the effectiveness of the Safety Management System's practices. Meanwhile, the Group timely provides instructions, trainings and supervision to its employees. Furthermore, project supervisors, engineers, managers, and safety officers perform thorough risk assessments prior to commencement of construction projects and enforce strict health and safety measures throughout project execution.

The Group displays visible safety warnings and memoranda relating to onsite health and safety across all construction sites to reinforce hazard awareness. Smoking, drug use, and alcohol consumption are strictly prohibited in the workplace, as clearly stated in the Supplementary Document of the employment contract. To prevent workers from getting heat strokes, construction sites are equipped with adequate cool drinking water and ventilated rest areas. Additionally, the Group prepares workers with appropriate personal protective equipment ("**PPE**"), including helmets, safety ropes, gloves, ear plugs, and masks. Weekly safety inspections and regular meetings further enable timely identification and resolution of potential risks.

In compliance with the Occupational Deafness (Compensation) Ordinance (Cap. 469 of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360 of the Laws of Hong Kong), the Group provides compensation to workers affected by occupational illnesses, such as deafness or pneumoconiosis, resulting from construction activities.

## Emergencies Reporting Mechanism

Prioritising employees' health and safety, stringent corporate policies were developed and implemented at construction sites. A sound reporting mechanism has been set up to ensure appropriate handling of emergencies and equipment malfunctions. To ensure compliance with the applicable standards and regulations, safety officers conduct thorough site inspections every three months to evaluate the adherence to safety protocols and legal requirements at construction sites.

The Group conducts regular emergency response drills and delivers regular safety training courses, aiming to enhance workforce's emergency response capability. Safety training courses cover topics of Emergency Management and Safe Operation, Site Safety, and Fire Safety.

## Occupational Safety and Health Training

The Group recognises the importance of qualified safety trainings in lowering workplace accidents and occupational hazards. In alignment with this, the Group's Labour Department mandates that all construction workers complete basic safety courses and hold valid certificates (commonly known as "**Green Card**"). To this end, Project Managers are designated to monitor the attendance of its workers and contractors to compulsory safety training courses, ensuring all workers and skilled operators are lawfully employed and possess legally required licenses.

### Safety Targets

Aligned with SDG 3: Good Health and Well-being, the Group has maintained a secure working environment with zero work-related fatalities over the past three years (including the reporting year). In FY2024/2025, there were 2 work-related injuries with 573 lost days resulted, reflecting an injury rate of 182 per 1,000 workers.

## B.3. Development and training

### Training and Development Management

The Group prioritises workforce development through structured training programmes with the aim to enhance professional competencies. Comprehensive training framework, including staff training guidelines, induction training materials, and toolbox training records, have been developed to optimise the performance of employees. These initiatives equip all employees with up-to-date skills and knowledge.

New employees are provided with holistic induction trainings covering the Group's corporate culture, development opportunities, business processes, and critical health and safety issues. For instance, the curriculum includes employees' main duties, personal safety, PPE, proper handling of electricity, portable electric and hand tools, and incident and accident reporting procedures, with workplace safety emphasised. For experienced staff, the Group provides non-scheduled professional development courses tailored to organisational objectives and individual career growth, ensuring employees gain necessary knowledge and skills in completing daily tasks safely. To comply with the continuous training hour requirements of annual professional qualifications, there are various training programmes provided to employees from time to time.

To advance employees' skills and capabilities, the Group actively encourages its employees to pursue external certifications and vocational qualifications. Not only can employees broaden their horizons and enhance their competitiveness, but the Group can also further facilitate its long-term business growth. To encourage its employees to obtain professional qualifications, employees who took examinations and obtained certifications relating to their roles are able to receive reimbursement from the Group. Moreover, the Group supplements internal trainings through partnerships with industry experts, offering specialised courses in areas such as construction engineering, accounting, regulatory affairs, and finance.

In FY2024/2025, the Group did not organise any training programmes to its employees as the Group has put its efforts in pushing its business growth and establishing its market position. However, the Group proposes to arrange training courses again in the upcoming years with stable business development status, aiming to enhance the competitiveness of its employees.

### B.4. Labour standards

Upholding its corporate social responsibility, the Group remains resolute in its stance against forced labour, child labour, and other potential exploitation of workers throughout its operations.

In FY2024/2025, the Group strictly carried out its recruitment processes in accordance with the principle of "Equality, Voluntariness, and Consensus", while complying with relevant laws and regulations, including the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), to prohibit any child and forced labour.

The Group has zero tolerance towards illegal employment practices, including child labour, underage workers, and forced labour. In compliance with relevant laws and regulations, all job applicants must submit valid identity documents to verify their legal employability before any hiring confirmation. The Group's Human Resources Department takes the responsibility for assessing each applicant's ID card, ensuring the identity and age of applicants meet the regulatory requirements and preventing unlawful recruitment. Additionally, the Human Resources Department enforces strict monitoring of all recruitment activities to ensure compliance with the latest labour regulations and corporate policies. In case of any identified breaches of labour standards, the Group will terminate employment contracts of relevant parties in a timely manner. Meanwhile, responsible employees involved will be disciplined accordingly.

In FY2024/2025, the Group complied with relevant laws and regulations relating to preventing child and forced labour that have a significant impact on the Group.

## OPERATING PRACTICES

### B.5. Supply chain management

Recognising that robust supply chain management is fundamental to its sustainable development, the Group actively integrates responsible practices into its key supplier engagement. The Group is committed to establishing an ethical and resilient supply chain that prioritises environmental stewardship and social responsibility.

#### Supplier Engagement

The Group has developed and implemented rigorous policies in selecting suppliers and subcontractors to ensure that the quality of all their goods and services provided fulfils the Group's expectations, particularly the environmental and safety standards, while satisfying customer demands. The Group's Project Managers monitor the selection process and conduct regular reviews on the list of qualified suppliers and subcontractors. During this process, candidates are evaluated based on reputation, industry qualifications, reliability, and past collaboration performance records. To guarantee transparency, the Group sources at least two suppliers for comparisons on product quality and cost. For the selection of subcontractors, the Group adopts tender evaluations and at least two subcontractors are compared and evaluated, ensuring optimal partner selection through comprehensive assessment.

Throughout its operations, the Group maintains active engagement with its suppliers and subcontractors through communication channels including telephone and emails to facilitate performance monitoring, issue resolution, feedback collection, and knowledge sharing.

### Supply Chain Risk Management

Aligning with its ESG commitment, the Group emphasises the environmental and social performance of its suppliers and subcontractors to establish sustainable and long-term partnerships. To systematically address and manage environmental and social risks along its supply chain, the Group has established the following key practices:

- Conduct interviews with suppliers to assess their environmental performance and compliance, particularly their significant environmental hazards during operations;
- Maintain close communications with the Group's suppliers and subcontractors to ensure partners' full compliance with the local laws and regulations; and
- Mandate the Group's suppliers and subcontractors to comply with regulatory requirements on employee rights, health and safety, and environmental protection.

The Group maintains a rigorous supplier management system to ensure supply chain reliability. Project Managers regularly evaluate suppliers and subcontractors while continuously identifying new suppliers and subcontractors for comparison and collaboration. The Group's relevant departments regularly monitor all procured materials and subcontracted work to verify compliance with specifications. The Group will immediately suspend or remove partners who are found to violate established standards of the Group or regulatory environmental requirements. Any serious breaches of environmental or labour laws and regulations will result in termination of the business relationship.

### Green Procurement

Implementing green procurement practices, the Group prioritises local suppliers and subcontractors to support the local economy and minimise transportation-related environmental impacts. During procurement, the Group also evaluates and selects energy-efficient machinery and environment-friendly equipment. During the reporting year, 80% major suppliers were covered by the Group's green procurement policies.

In FY2024/2025, the Group engaged with 80 suppliers from Hong Kong, with major provision of steel bars, cement, and transportation services to the Group, and all of them were covered by the Group's supplier engagement and management policies. The Group's Project Managers are responsible for monitoring the implementation of the corresponding measures.

## B.6. Product responsibility

In FY2024/2025, the Group complied with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and method of redress that have a significant impact on the Group, including but not limited to:

- Buildings Ordinance (Cap 123 of the laws of Hong Kong);
- Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong); and
- Construction Workers Registration Ordinance (Cap 583 of the laws of Hong Kong).

### Quality Management System

The Group strictly adheres to the requirements of the Quality Management Systems Standard (ISO 9001:2008) and the Occupational Health and Safety Management (OHSAS 18001:2007) while following the Site Safety Handbook from the Hong Kong Housing Authority throughout its construction operations to maintain a zero-accident working environment for all foundation workers. Striving to protect the health and safety of the Group's employees during constructions, only certified workers with valid site permits are allowed to access to construction areas. Additionally, all onsite equipment must possess necessary environmental certificates as stipulated by the Environmental Protection Department to ensure the quality and operational performance of its equipment.

To ensure project quality and regulatory compliance, the Group has developed an internal quality management system. The Group's relevant departments conduct monitoring, inspections, project quality reviews, and a series of tests prior to project completion and delivery. In case of any violations of established standards or legal requirements, immediate corrective actions will be implemented to promptly resolve issues and maintain compliance.

Due to its business nature, the Group regards the establishment of recall procedures as not applicable to the Group, and hence relevant policies and procedures were not disclosed nor discussed in the ESG Report. In FY2024/2025, the Group did not encounter any products subjected to recalls due to safety and health reasons.

### Complaints Handling

The Group actively encourages client feedback, which is a valuable tool for continuous improvement. Therefore, a dedicated department has been established to manage feedback and complaints from customers. Through surveys conducted before and after the project, the Group assesses client satisfaction upon project completion to ensure expectations are met. When complaints arise, the Group's Quality Control Department will verify, evaluate, and prioritise issues in terms of materiality and severity before developing corrective actions and preventive measures against recurrence of the reported issues. Clients will receive written outcomes within a reasonable time.

For specific complaints such as payment delays or minor damage to the leased machinery, the Group will engage in prompt negotiation with involved parties to reach mutually beneficial solutions in accordance with contractual terms. These standardised complaint resolution procedures aim to enhance the Group's responsiveness to different types of possible complaints while preventing recurrence of similar issues, strengthening its market reputation and competitive position within the industry. In FY2024/2025, the Group did not receive any substantial complaints regarding its product quality.

## Customer Privacy Protection

In FY2024/2025, the Group complied with relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486 of The Laws of Hong Kong), Corporate Finance Consultant Code of Conduct, and other local regulations in terms of consumer data protection and privacy policies. The Group has emphasised the protection of its customers' privacy, thereby developing relevant policies to prevent any leakages or breaches of customers' personal information.

The Group has implemented robust data protection measures to enhance data management. The access to confidential data is only granted to authorised personnel who are accountable for preventing misuse or unauthorised disclosure. A series of internal policies and guidelines have been established and outlined in the Compliance Manual, and the Group's Finance Department are responsible for implementing and monitoring relevant policies. These established policies mandate that all employees, including directors, the management, and general staff, must handle confidential information only for legitimate business purposes, with strict prohibitions against unauthorised disclosure and commercial exploitation of personal information. To further prevent unauthorised disclosure, exportation and copy, the Group's Information Technology Department has developed secure network partitions between office and commercial systems. Through internal trainings and confidential agreements signed with its employees, the Group emphasises strict adherence to confidentiality obligations and legal consequences of the breaches of obligations among its employees.

In FY2024/2025, the Group did not receive any substantial complaints regarding data leakage or personal privacy breaches.

## Intellectual Property Rights

As a construction contractor, the Group respects intellectual property rights and strives to protect its intellectual property rights. Therefore, the Group has implemented the following measures:

- The documentation rooms with commercial secrets are set as confidential areas, which are isolated from ordinary areas of operations and no entry is allowed for non-related personnel;

- The Group makes timely applications to register its new trademarks and product designs;

- External legal consultants and internal legal personnel provide legal advice to the Group and prevent intellectual property infringement;

- As stipulated in employment contracts, when staff with significant influence on the Group's technical and economic rights and interests resign from the Group, he or she shall not operate or uphold any business that competes against the Group for a certain period; and

- When entering into a commercial contract for any external business activities, the Group is required to request a confidential agreement with other parties if necessary.

### Advertising and Labelling

The Group strictly adheres to the applicable legislations and code of conduct by prohibiting any forms of misleading or exaggerating advertising with false descriptions, claims, or illustrations about the Group and its products and services. Sales and promotion guidelines have been established to ensure the accuracy and impartiality of its advertising and marketing materials. In compliance with local laws and regulations, the Group ensures the dissemination of accurate information to customers. The Group's Legal Department monitors and reviews the advertising and marketing materials prior to publication. In case any content fails to meet its internal requirements, the Group will take immediate actions to rectify relevant materials. Due to its business nature, the Group considers labelling as not applicable to its business operations and hence was not discussed in this ESG Report.

## B.7. Anti-corruption

Acknowledging the importance of a fair and ethical working environment to its employees, the Group maintains a zero-tolerance stance against any behaviours associated with corruption or other misconducts. Employees at all levels are expected to maintain ethical behaviours and deliver services with integrity, demonstrating the Group's core values. In FY2024/2025, the Group complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615 of the laws of Hong Kong).

### Anti-corruption

The Group upholds the highest standards of professional ethics to foster a fair and transparent workplace for its employees, strictly prohibiting any forms of corruption and bribery. All employees, including directors, must adhere to the Group's internal policies such as the Code of Conduct of Bribery (the "**Code**") in the Compliance Manual of the Group.

In the past years, the Group engaged with the Independent Commission Against Corruption ("**ICAC**") to develop anti-corruption plans. The Group's management is strongly encouraged to participate in the seminars and training programmes led by the ICAC to deepen their understanding of anti-corruption, reinforcing a culture of integrity within the workplace.

### Whistle-blowing Policy

To promote accountability, the Group maintains a robust whistle-blowing policy that enables employees to report suspected misconducts. Whistle-blowers can either report verbally or in written forms to the Group's senior management with details of the suspected cases and supporting evidence. The Group's Compliance Officer conducts thorough investigations of suspected cases violating the Code. In case of any substantiated cases of corruption or violation of the Ordinance, it will be reported to the Board for consideration, subsequently submitting a report to the ICAC and relevant authorities as deemed appropriate by the Board.

In FY2024/2025, the Group did not organise anti-corruption trainings due to the Group's focus on business development. In the past years, internal training workshops on the Internal Monitoring Handbook and Code of Conduct of Bribery were provided to employees, enhancing their awareness of anti-corruption. During the reporting year, there were zero concluded legal cases regarding corrupt practices brought against the Group or its employees.

## COMMUNITY

### B.8. Community investment

Taking its corporate social responsibility, the Group actively contributes to societal well-being and prosperity within its operating regions. Through participation in charitable activities and partnerships with non-governmental organisations ("**NGOs**"), the Group has consistently strengthened community ties. In the past years, the Group collaborated with the "Food Angel by Bo Charity Foundation" while participating in programmes supporting poverty alleviation and youth development. As a commitment to establishing sound relationships with community members, the Group continues to make positive contributions to local communities. The Group's strategic approach integrates local community welfare into business planning, ensuring that its operations not only drive business growth but also create meaningful social values.

In FY2024/2025, the Group did not organise or participate in community activities and investment as the Group focused on its business development. However, the Group remains steadfast in is dedication to social responsibility and is getting prepared for supporting vulnerable groups as parts of its long-term commitment to creating social values.

Moving forward, the Group will continuously put its efforts in corporate citizenship by allocating greater resources to community investment and participating in impactful philanthropic events and charitable activities to help people in need. Furthermore, the Group is developing a set of quantitative targets and indicators regarding its social contributions, while encouraging employee participation in public welfare activities in order to maximise the Group's ability in helping underprivileged groups and fostering social progress.

## APPENDIX

### Table E1. The Group's Total Emissions by Category in FY2024/2025 and FY2023/2024 [9,10]

| | | | **FY2024/2025** | | FY2023/2024 | |
|---|---|---|---|---|---|---|
| **Emission Category** | **Key Performance Indicator (KPI)** | **Unit** | **Amount** | **Intensity [1] (Unit/ employee)** | Amount [2] | Intensity [2] (Unit/ employee) |
| **Air Emissions [3]** | $SO_x$ | Kg | **0.39** | **$1.76 \times 10^{-2}$** | 0.39 | $4.65 \times 10^{-3}$ |
| | $NO_x$ | Kg | **198.38** | **9.02** | 217.25 | 2.62 |
| | PM | Kg | **14.28** | **0.65** | 15.64 | 0.19 |
| **GHG Emissions** | Scope 1 (Direct Emissions) [4] | Tonnes of $CO_2e$ | **2,279.91** | **103.63** | 2,840.55 | 34.22 |
| | Scope 2 (Energy Indirect Emissions) [5] | Tonnes of $CO_2e$ | **20.27** | **0.92** | 19.23 | 0.23 |
| | Scope 3 (Other Indirect Emissions) [6] | Tonnes of $CO_2e$ | **0.57** | **0.03** | 0.74 | 0.01 |
| | Total (Scope 1, 2 & 3) | Tonnes of $CO_2e$ | **2,300.75** | **104.58** | 2,860.51 | 34.46 |
| **Non-hazardous Waste** | Solid wastes [7] | Tonnes | **101.00** | **4.59** | 166.00 | 2.00 |
| | Wastewater [8] | $m^3$ | **1,209.00** | **54.95** | 1,129.00 | 13.60 |

1 Intensity for FY2024/2025 was calculated by dividing the amount of air, GHG and other emissions respectively by the number of employees of 22 in FY2024/2025;

2 The amount and intensity in FY2023/2024 were extracted from the data in the ESG report for FY2023/2024;

3 The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;

4 The Group's Scope 1 (Direct Emissions) included the consumption of diesel in motor vehicles and diesel for industrial usage;

5 The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

6 The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from electricity used for processing fresh water and sewage by government departments;

7 The solid wastes included excess mud from the construction work which was regarded as the major solid waste of operations;

8 The total amount of wastewater generated by the Group was primarily based on the direct measurement together with appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain;

9 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories; and

10 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery.

### Table E2. The Group's Total Resource Consumption in FY2024/2025 and FY2023/2024 [4]

| Use of Resources | Key Performance Indicator (KPI) | Unit | FY2024/2025 Amount | FY2024/2025 Intensity[1] (Unit/ employee) | FY2023/2024 Amount[2] | FY2023/2024 Intensity[2] (Unit/ employee) |
|---|---|---|---|---|---|---|
| **Energy** | Electricity | 000' kWh | **54.78** | **2.49** | 51.97 | 0.63 |
| | Diesel | L | **849,408.00** | **38,609.45** | 1,058,171.00 | 12,749.05 |
| | Total[3] | 000' kWh | **9,146.20** | **415.74** | 11,377.83 | 137.08 |
| **Water** | Water | $m^3$ | **1,209.00** | **54.95** | 1,129.00 | 13.60 |
| **Raw materials** | Concrete | Tonnes | **7,537.00** | **342.59** | 9,687.00 | 116.71 |

1 Intensity for FY2024/2025 was calculated by dividing the amount of resources that the Group consumed in FY2024/2025 by the number of employees of 22 in FY2024/2025;

2 The amount and intensity in FY2023/2024 were extracted from the data in the ESG report for FY2023/2024;

3 The methodology adopted for energy conversion and calculation conversion factors set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; and

4 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery.

### Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Level, Geographical Location of The Group in FY2024/2025[1]

| Unit: Number of employees | Age group | | | | |
|---|---|---|---|---|---|
| **Gender** | **Aged 30 or below** | **Aged between 31 and 40** | **Aged between 41 and 50** | **Aged 51 or above** | **Total** |
| **Male** | 1 | 0 | 4 | 8 | 13 |
| **Female** | 1 | 4 | 3 | 1 | 9 |
| **Total** | 2 | 4 | 7 | 9 | 22 |

| | Position level | | | |
|---|---|---|---|---|
| **Gender** | **General staff** | **Middle-level managers** | **Senior management and directors** | **Total** |
| **Male** | 7 | 0 | 6 | 13 |
| **Female** | 2 | 3 | 4 | 9 |
| **Total** | 9 | 3 | 10 | 22 |

| Employment type | | | | |
|---|---|---|---|---|
| **Full time** | **Part time** | **Contract** | **Others** | **Total** |
| 17 | 0 | 0 | 5 | 22 |

**Geographical location**

| Locations | Number of employees |
|---|---|
| **Hong Kong** | 22 |
| **Total:** | 22 |

1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees, within the reporting boundary (including Triangular Force, TMP Machinery, GCL, GBA, and office operations in Hong Kong). The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The number of employees stated in this ESG Report may be different from that in the Annual Report given the difference in the reporting boundary. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2024/2025[1]

| Unit: Number of employees | Age group | | | | |
|---|---|---|---|---|---|
| **Gender** | **Aged 30 or below** | **Aged between 31 and 40** | **Aged between 41 and 50** | **Aged 51 or above** | **Total** |
| **Male** | 9 | 8 | 14 | 46 | 77 |
| **Employee turnover rate** | 900.00% | N/A [2] | 350.00% | 575.00% | 592.31% |
| **Female** | 0 | 2 | 1 | 3 | 6 |
| **Employee turnover rate** | 0.00% | 50.00% | 33.33% | 300.00% | 66.67% |
| **Total** | 9 | 10 | 15 | 49 | 83 |
| **Total employee turnover rate** | 450.00% | 250.00% | 214.29% | 544.44% | 377.27% |

| Geographical locations | | |
|---|---|---|
| **Locations** | **Employee turnover** | **Employee turnover rate** |
| **Hong Kong** | 83 | 83 |

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees within the reporting boundary. Turnover rate was calculated by dividing the number of employees who resigned in FY2024/2025 by the number of employees in FY2024/2025. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and

2 Since the number of male employees who aged between 31 and 40 at the end of FY2024/2025 was zero, the employee turnover rate for male employees aged between 31 and 40 is undetermined.

### Table S5. Number and Rate of Work-related Fatalities of the Group in Past Three Years[1]

| Year | FY2022/2023 | FY2023/2024 | FY2024/2025 |
|---|---|---|---|
| **Number of work-related fatalities** | 0 | 0 | 0 |
| **Rate of fatalities (per hundred workers)** | 0 | 0 | 0 |
| **Lost days due to work injuries** | 381 | 429 | 573 |

1 The injury and fatality information was obtained from the Group's Human Resources Department, within the reporting boundary. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

## THE REPORTING CONTENT INDEX FROM THE HKEX

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| **A. Environmental** | | | | |
| A1: Emissions | General Disclosure | Information on:<br>(a) the policies; and<br>(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.<br>Note: Air emissions include $NO_x$, $SO_x$, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations. | Environmental sustainability | 39 |
| | KPI A1.1 | The types of emissions and respective emissions data. | Appendix | 61 |
| | 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). | Appendix | 61 |
| | KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental sustainability | 40 |
| | KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Appendix | 61 |
| | KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Environmental sustainability | 43 |
| | 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 sustainability | 40 |

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| A2: Use of Resources | General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials.<br>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. | Environmental sustainability | 44 |
| | 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). | Appendix | 62 |
| | KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Appendix | 62 |
| | KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Environmental sustainability | 47 |
| | 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 sustainability | 45 |
| | KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Environmental sustainability – Explained | 44 |
| A3: The Environment and Natural Resources | General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | Environmental sustainability | 48 |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Environmental sustainability | 48 |
| 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 sustainability | 49 |
| | 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 sustainability | 49 |

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| **B. Social** | | | | |
| **Employment and Labour Practices** | | | | |
| B1: Employment | General Disclosure | Information on:<br>(a) the policies; and<br>(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 sustainability | 50 |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region. | Appendix | 63 |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Appendix | 64 |
| B2: Health and Safety | General Disclosure | Information on:<br>(a) the policies; and<br>(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 sustainability | 52 |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Social sustainability | 54 |
| | KPI B2.2 | Lost days due to work injury. | Social sustainability | 54 |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Social sustainability | 53 |

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br>Note: Training refers to vocational training. It may include internal and external courses paid by the employer. | Social sustainability | 54 |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Social sustainability – explained | 54 |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. | Social sustainability – explained | 54 |
| B4: Labour Standards | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Social sustainability | 55 |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Social sustainability | 55 |
| | KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Social sustainability | 55 |

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| **Operating Practices** | | | | |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | Social sustainability | 55 |
| | KPI B5.1 | Number of suppliers by geographical region. | Social sustainability | 56 |
| | 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 sustainability | 55 |
| | 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 sustainability | 56 |
| | 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 sustainability | 56 |
| B6: Product Responsibility | General Disclosure | Information on:<br>(a) the policies; and<br>(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 sustainability | 56 |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Social sustainability – Explained | 57 |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Social sustainability | 57 |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Social sustainability | 58 |
| | KPI B6.4 | Description of quality assurance process and recall procedures. | Social sustainability | 57 |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Social sustainability | 58 |

| Aspects | ESG Indicators | Description | Section/Explanation | Page |
|---|---|---|---|---|
| B7: Anti-corruption | General Disclosure | Information on:<br>(a) the policies; and<br>(b compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Social sustainability | 59 |
| | 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 sustainability | 59 |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Social sustainability | 59 |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Social sustainability | 59 |
| **Community** | | | | |
| 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 sustainability | 60 |
| | KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Social sustainability | 60 |
| | KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | No substantial resources contribution has been made in the reporting year. | – |

The Directors present their annual report together with the audited consolidated financial statements of the Group for the Reporting Year.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in leasing of machinery and money lending business. Details of the principal activities of the subsidiaries of the Company are set out in note 19 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 Reporting Year.

## FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 154of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

## DIVIDEND POLICY

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

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject to;
- 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;
- 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.

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

The Company will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the 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 result of the Group for the Reporting Year and the financial position of the Company and of the Group as at 31 March 2025 are set out in the consolidated financial statements on pages 86 to 87 of this annual report.

The Board does not recommend the payment of a final dividend for the Reporting Year.

## CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 25 July 2025 (the "**2025 AGM**"). For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 22 July 2025 to Friday, 25 July 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2025 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 July 2025.

## BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Executive Director's Statement" and "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 6 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the Reporting Year are set out in note 17 to the consolidated financial statements of this annual report.

## DONATION

No charitable donations was made by the Group during the Reporting Year (2024: HK$Nil).

## SHARE CAPITAL

Details of the Company's share capital is set out in note 33 to the consolidated financial statements of this annual report.

The Company did not have any treasury shares (as defined in Rule 1.01 of the Listing Rule) as at 31 March 2025.

## SHARE OPTION SCHEME

Details of the Share Option Scheme is set out in note 36 to the consolidated financial statements.

For the Reporting Year, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

On 25 April 2024, the proposed termination of the previous share option scheme of the Company as adopted on 22 September 2017, and the proposed adoption of the new share option scheme of the Company, were duly approved by the shareholders of the Company by way of poll.

## RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 35 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 the Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the Reporting Year are set out in note 40 to the consolidated financial statements of this annual report. To the best knowledge of the Directors, none of these related party transactions fall under the definition of "connected transactions" in Chapter 20 of the GEM Listing Rules and disclosure requirements thereunder are not applicable.

## DISTRIBUTABLE RESERVE

As at 31 March 2025, none of the Company's reserves were available for distribution to owners.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 61.6%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 97.8%.

During the Reporting Year, the percentage of the Group's largest supplier was approximately 18.8% of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 31.7% of the total direct costs.

None of the Directors, or any of their closed 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 or suppliers.

## DIRECTORS

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

### Executive Director

Ms. Liu Ching Man

### Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Director for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. 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 Board shall hold office until the first annual general meeting of shareholders after their appointment and be eligible for re-election at such meeting.

Pursuant to Article 108 and 112 of the Company's articles of association, Mr. He and Ms. Chan will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election at the said meeting.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 17 of this annual report.

## 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 as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 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 14 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the Reporting Year falls within the following band:

| Remuneration band | Number of senior management |
|---|---|
| Nil to HK$1,000,000 | 3 |
| HK$1,000,001 to HK$1,500,000 | 2 |

## REMUNERATION POLICY

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

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

## RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2025 are set out in note 14 to the consolidated financial statements of this annual report.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in note 40 to the consolidated financial statements of this annual report, no Directors or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Year.

## MANAGEMENT CONTRACTS

As at 31 March 2025, 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' REMUNERATION

The Directors' remuneration is determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares and debentures of the Company" below, at no time during the Reporting Year were rights to acquire benefits by means of the acquisition of shares in or debentures of 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 any of the Company's subsidiaries 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 OR DEBENTURES OF THE COMPANY

As at 31 March 2025, none of the Directors and chief executives of the Company has 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 Securities and Future Ordinance (the "**SFO**")) which are 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 or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executives of the Company, as at 31 March 2025, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares 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 remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

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

| Name | Capacity/ Nature of interest | Number of shares of the Company held/ interested | Percentage of shareholding |
|---|---|---|---|
| Ms. Wong Fei Heung Terbe ("**Ms. Wong**") | Interest in controlled corporations | 47,875,000(Note 1) | 6.65% |

Note:

1. Ms. Wong Fei Heung Terbe ("**Ms. Wong**") legally and beneficially owns the entire issued share capital of Success Run International Limited ("**Success Run**") and Lion Spring Enterprises Limited ("**Lion Spring**"), Success Run hold 33,675,000 Shares and Lion Spring hold 14,200,000 Shares, representing approximately 4.68% and 1.97% of the entire issued share capital of the Company. Therefore, Ms. Wong is deemed, or taken to be, interested in all the Shares held by Success Run and Lion Spring for the purpose of the SFO. Ms. Wong is the sole director of Success Run and the director of Lion Spring.

Save as disclosed above, as at 31 March 2025, 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' interest and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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

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

## COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rule, or has any other conflict of interests with the Group during the Reporting Year.

# Directors' Report

## CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" on pages 18 to 31 of this annual report.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Option Scheme" on page 73 of this annual report, there was no equity-linked agreement entered into by the Company during the Reporting Year.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, throughout the Reporting Year and prior to the issue of this annual report, the Company maintained a sufficient public float of at least 25% in the issued share capital of the Company pursuant to the GEM Listing Rules.

## AUDIT COMMITTEE

The Company has the Audit Committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes for reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the independent non-executive Directors of the Company.

The summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" of this annual report.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the Reporting Year of the Group are set out in note 42 to the consolidated financial statements.

## AUDITOR

The consolidated financial statements of the Group for the Reporting Year has been audited by RSM Hong Kong ("**RSM**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re- appointment of RSM as auditor of the Company.

ON BEHALF OF THE BOARD

**China New Consumption Group Limited**
**Liu Ching Man**
*Executive Director*

Hong Kong, 23 June 2025

# Independent Auditor's Report

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**TO THE SHAREHOLDERS OF**
**CHINA NEW CONSUMPTION GROUP LIMITED**
*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of China New Consumption Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 153, which comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the 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 Auditor's 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Recognition of revenue and cost from construction contracts and contract assets

2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**")

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| 1. Recognition of revenue and costs from construction contracts and contract assets<br><br>Refer to notes 8 and 22 to the consolidated financial statements.<br><br>As disclosed in note 8 to the consolidated financial statements, during the year ended 31 March 2025, the Group generated revenue of approximately HK$156,193,000 (2024: HK$131,149,000) from construction contracts. As disclosed in note 22 to the consolidated financial statements, the carrying amounts of contract assets for contract work of approximately HK$17,440,000 (net of allowance for impairment loss of approximately HK$9,602,000 (2024: HK$26,094,000 (net of allowance for impairment loss of approximately HK$12,716,000)) were recorded in the consolidated statement of financial position as at 31 March 2025.<br><br>The Group's main revenue is construction revenue from the provision of foundation works. The Group recognises contract revenue progressively over time using output method, based on direct measurements of the value of services delivered or surveys of work performed and the estimated total revenue for the contracts entered into by the Group. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.<br><br>Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses. | Our audit procedures to revenue recognition and costs from construction contracts and contract assets included the following:<br><br>1. Understanding and evaluating the design and implementation of key controls over the assessment process of revenue and cost recognition from construction contracts, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;<br><br>2. Evaluating the outcome of prior period assessment of recognition of revenue and costs from construction contracts and contract assets to assess the effectiveness of management's estimation process;<br><br>3. Agreeing the total contract value to the contracts and variation orders, if any, to customers' instructions or other form of agreements or other correspondences, on a sample basis;<br><br>4. Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis; |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| The recognition of revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated and ascertained damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable.<br><br>We identified the recognition of revenue and cost from construction contracts and contract assets as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period. | 5. Assessing the reasonableness of contract revenue recognised by inspecting the certificate of completion stage issued by customers, and comparing with payment application prepared by the in-house surveyor; and<br><br>6. Discussing with management the performance of contracts in progress during the year, on a sample basis, and challenging the key estimates and assumptions adopted in the forecasts for contract revenue and contract costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and the assessment of potential liquidated and ascertained damages for contracts which were behind schedule, by obtaining and evaluating relevant information in connection the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations and claims and by considering historical outcomes of similar contracts. |
| 2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**")<br><br>Refer to notes 6(c), 21 and 22 to the consolidated financial statements.<br><br>As disclosed in notes 6(c) and 21 to the consolidated financial statements, as at 31 March 2025, the Group's trade and retention receivables amounted to approximately HK$19,483,000 (net of allowance for impairment loss of approximately HK$13,564,000) (2024: HK$21,016,000 (net of allowance for impairment loss of approximately HK$15,374,000)). The net carrying amounts of trade and retention receivables which are past due amounted to approximately HK$6,508,000 (2024: HK$15,098,000). As disclosed in note 22 to the consolidated financial statements, the Group's contract assets amounted to approximately HK$17,440,000 (net of allowance for impairment loss of approximately HK$9,602,000) (2024: HK$26,094,000 (net of allowance for impairment loss of approximately HK$12,716,000)). | Our audit procedures to assess the impairment of trade and retention receivables and contract assets in respect of ECL included the following:<br><br>1. Understanding and evaluating the design and implementation of key controls over the collection and the impairment assessment of the trade and retention receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;<br><br>2. Evaluating the outcome of prior period assessment of ECL on trade and retention receivables and contract assets to assess the effectiveness of management's estimation process;<br><br>3. Assessing the external valuer's qualifications, experience and expertise and considering their objectivity and independence; |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| We identified the impairment of trade and retention receivables and contract assets as a key audit matter because the assessment of the impairment of trade and retention receivables and contract assets under ECL model is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.<br><br>As disclosed in note 6(c) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade and retention receivables and contract assets based on provision matrix, after considering internal credit ratings, ageing and past due status of respective trade and retention receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade and retention receivables that are credit impaired are assessed for ECL individually. | 4. Assessing whether trade and retention receivables and contract assets was appropriately grouped by management into categories with shared credit risk characteristics;<br><br>5. Testing on a sample basis the accuracy and completeness of the data used by management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data;<br><br>6. Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis;<br><br>7. Inspecting cash receipts from customers after the financial year end relating to trade and retention receivables and contract assets balances as at 31 March 2025, and subsequent progress billing after the financial year end relating to contract assets on a sample basis; and<br><br>8. With the assistance of external independent valuation experts:<br><br>(i) assessing the appropriateness of the impairment model used by the Group;<br><br>(ii) considering the appropriateness of forward-looking adjustments to historical loss rates;<br><br>(iii) testing inputs to the model to market data;<br><br>(iv) testing the calculation of historical loss rates; and<br><br>(v) testing the calculation of the expected credit loss provisions. |

## OTHER INFORMATION

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

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

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

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

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yu Kwok Keung (practising certificate number: P07372).

**RSM Hong Kong**
*Certified Public Accountants*
Hong Kong
23 June 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

| | Note | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|---|
| **Revenue** | 8 | **158,547** | 139,969 |
| Cost of sales | | **(144,980)** | (105,043) |
| **Gross profit** | | **13,567** | 34,926 |
| Other income, gains/(losses) | 9 | **2,383** | 6,249 |
| Administrative expenses | | **(21,400)** | (29,117) |
| Allowance for impairment loss of property, plant and equipment | 17 | **(18,534)** | – |
| Reversal of/(allowance for) impairment loss of financial assets, net | | **258** | (1,076) |
| Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**") | | **(6,042)** | (3,337) |
| **(Loss)/profit from operations** | | **(29,768)** | 7,645 |
| Finance costs | 11 | **(502)** | (518) |
| **(Loss)/profit before tax** | | **(30,270)** | 7,127 |
| Income tax (expenses)/credit | 12 | **(881)** | 490 |
| **(Loss)/profit for the year** | 13 | **(31,151)** | 7,617 |
| **(Loss)/profit for the year attributable to:** | | | |
| Owners of the Company | | **(31,151)** | 8,351 |
| Non-controlling interests | | **–** | (734) |
| | | **(31,151)** | 7,617 |
| **Other comprehensive income:** | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| Fair value change of financial assets at fair value through other comprehensive income ("**FVTOCI**") | | **178** | (4,446) |
| **Other comprehensive income for the year, net of tax** | | **178** | (4,446) |
| **Total comprehensive income for the year** | | **(30,973)** | 3,171 |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **(30,973)** | 3,905 |
| Non-controlling interests | | **–** | (734) |
| | | **(30,973)** | 3,171 |
| **(Loss)/earnings per share** | | | (Restated) |
| Basic and diluted (cents) | 16 | **(5.39)** | 2.12 |

# Consolidated Statement of Financial Position

As at 31 March 2025

| | Note | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 17 | **17,503** | 38,558 |
| Right-of-use assets | 18 | **510** | 2,058 |
| Financial assets at FVTOCI | 20 | **7,341** | 3,698 |
| Deferred tax assets | 32 | **24** | 905 |
| Prepayments | 23 | **2,227** | 2,227 |
| **Total non-current assets** | | **27,605** | 47,446 |
| **Current assets** | | | |
| Trade and retention receivables | 21 | **19,483** | 21,016 |
| Contract assets | 22 | **17,440** | 26,094 |
| Deposits, prepayments and other receivables | 23 | **21,595** | 7,906 |
| Held for trading securities | 24 | **16,546** | 17,140 |
| Loan and interest receivables | 25 | **18,185** | 5,039 |
| Debt investments | 26 | **2,681** | 2,550 |
| Bank and cash balances | 27 | **13,597** | 41,512 |
| **Total current assets** | | **109,527** | 121,257 |
| **Current liabilities** | | | |
| Trade and retention payables | 28 | **16,135** | 30,008 |
| Accruals and other payables | 29 | **4,202** | 11,282 |
| Bank borrowings | 30 | **206** | 1,077 |
| Lease liabilities | 31 | **1,014** | 2,032 |
| **Total current liabilities** | | **21,557** | 44,399 |
| **Net current assets** | | **87,970** | 76,858 |
| **Total assets less current liabilities** | | **115,575** | 124,304 |
| **Non-current liabilities** | | | |
| Lease liabilities | 31 | **49** | 923 |
| **Total non-current liabilities** | | **49** | 923 |
| **NET ASSETS** | | **115,526** | 123,381 |
| **Capital and reserves** | | | |
| Share capital | 33 | **7,200** | 4,800 |
| Reserves | 35 | **108,326** | 118,581 |
| **TOTAL EQUITY** | | **115,526** | 123,381 |

Approved by the Board of Directors on 23 June 2025 and are signed on its behalf by:

**Ms. Liu Ching Man**
*Director*

**Mr. He Dingding**
*Independent non-executive Director*

# Consolidated Statement of Changes In Equity

For the year ended 31 March 2025

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 (note 33) | Share premium HK$'000 (note 35(b)(i)) | Merger reserve HK$'000 (note 35(b)(ii)) | Financial assets at FVTOCI reserve HK$'000 (note 35(b)(iii)) | Capital reserve HK$'000 (note 35(b)(iv)) | Retained profit/ (Accumulated losses) HK$'000 | Sub-total HK$'000 | Non-controlling interests HK$'000 | Total equity HK$'000 |
| At 1 April 2023 | 80,001 | 52,060 | 22 | 44 | – | (59,505) | 72,622 | (332) | 72,290 |
| Capital reduction, share premium reduction and share sub-division (note 33(ii)) | (78,401) | (52,060) | – | – | 36,656 | 93,805 | – | – | – |
| Issuance of shares upon rights issue (note 33(iii)) | 2,400 | 32,880 | – | – | – | – | 35,280 | – | 35,280 |
| Transaction costs on issuance of shares upon rights issue (note 33(iii)) | – | (867) | – | – | – | – | (867) | – | (867) |
| Issuance of shares upon placing (note 33(iv)) | 800 | 13,280 | – | – | – | – | 14,080 | – | 14,080 |
| Transaction costs on issuance of shares upon placing (note 33(iv)) | – | (573) | – | – | – | – | (573) | – | (573) |
| Acquisition of non-controlling interests | – | – | – | – | – | (1,066) | (1,066) | 1,066 | – |
| Total comprehensive income for the year | – | – | – | (4,446) | – | 8,351 | 3,905 | (734) | 3,171 |
| Changes in equity for the year | (75,201) | (7,340) | – | (4,446) | 36,656 | 101,090 | 50,759 | 332 | 51,091 |
| At 31 March 2024 | 4,800 | 44,720 | 22 | (4,402) | 36,656 | 41,585 | 123,381 | – | 123,381 |
| At 1 April 2024 | **4,800** | **44,720** | **22** | **(4,402)** | **36,656** | **41,585** | **123,381** | **–** | **123,381** |
| Issuance of shares upon rights issue (note 33(v)) | **601** | **5,411** | **–** | **–** | **–** | **–** | **6,012** | **–** | **6,012** |
| Transaction costs on issuance of shares upon rights issue (note 33(v)) | **–** | **(250)** | **–** | **–** | **–** | **–** | **(250)** | **–** | **(250)** |
| Issuance of shares upon placing (note 33(vi)) | **1,799** | **16,187** | **–** | **–** | **–** | **–** | **17,986** | **–** | **17,986** |
| Transaction costs on issuance of shares upon placing (note 33(vi)) | **–** | **(630)** | **–** | **–** | **–** | **–** | **(630)** | **–** | **(630)** |
| Total comprehensive income for the year | **–** | **–** | **–** | **178** | **–** | **(31,151)** | **(30,973)** | **–** | **(30,973)** |
| Changes in equity for the year | **2,400** | **20,718** | **–** | **178** | **–** | **(31,151)** | **(7,855)** | **–** | **(7,855)** |
| At 31 March 2025 | **7,200** | **65,438** | **22** | **(4,224)** | **36,656** | **10,434** | **115,526** | **–** | **115,526** |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

| | Note | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| (Loss)/profit before tax | | **(30,270)** | 7,127 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | 17 | **5,863** | 6,794 |
| Depreciation on right-of-use assets | 18 | **1,821** | 2,648 |
| Finance costs | | **502** | 518 |
| Interest income | | **(1,925)** | (1,206) |
| Loss on write-off of property, plant and equipment | 9 | **–** | 5,802 |
| Gain on disposals of right-of-use assets | 9 | **–** | (230) |
| Impairment loss on property, plant and equipment | | **18,534** | – |
| Fair value loss/(gain) on disposals of held for trading securities | 9 | **371** | (10,600) |
| Reversal of/(allowance for) impairment loss of financial assets, net | | **(258)** | 1,076 |
| Change in fair value of held for trading securities | | **6,042** | 3,337 |
| Other gains | | **–** | (7) |
| Operating cash flows before working capital changes | | **680** | 15,259 |
| Decrease in trade and retention receivables | | **2,137** | 3,921 |
| Decrease/(increase) in contract assets | | **10,950** | (4,499) |
| Increase in deposits, prepayments and other receivables | | **(13,689)** | (4,377) |
| Decrease in trade and retention payables | | **(13,873)** | (2,236) |
| Decrease in accruals and other payables | | **(7,080)** | (5,138) |
| Proceeds from trading held for trading securities | | **23,614** | 20,269 |
| Purchase of held for trading securities | | **(29,433)** | (25,070) |
| Cash used in operations | | **(26,694)** | (1,871) |
| Income taxes paid, net | | **–** | (15) |
| Interest paid | | **–** | (460) |
| Net cash used in operating activities | | **(26,694)** | (2,346) |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

| | Note | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment | | **(3,342)** | (287) |
| Prepayment of intangible assets and property, plant and equipment | | **–** | (1,500) |
| Proceeds from disposals of right-of-use assets | | **–** | 230 |
| Purchase of financial assets at FVTOCI | | **(3,465)** | – |
| Purchase of debt investments | | **(1,000)** | (2,450) |
| Proceeds from disposal of debt investments | | **–** | 1,500 |
| Loans lent to third parties – Principal | | **(22,400)** | (5,000) |
| Loans repaid by third parties – Principal | | **8,000** | – |
| Interest received | | **1,406** | 1,131 |
| Net cash used in investing activities | | **(20,801)** | (6,376) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayments of bank borrowings | | **(904)** | (843) |
| Repayments of lease liabilities | | **(2,634)** | (2,368) |
| Issuance of share from rights issue | | **5,762** | 34,413 |
| Issuance of share from placing | | **17,356** | 13,507 |
| Net cash generated from financing activities | | **19,580** | 44,709 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(27,915)** | 35,987 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **41,512** | 5,525 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **13,597** | 41,512 |

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 3 January 2017. The address of its registered office is at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is Room 204, 2/F, Yue Shing Commercial Building, 15 Queen Victoria Street, Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

### (a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Hong Kong Interpretation 5 ("**HK Int 5**") (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the new and amendments to HKFRS Accounting Standards in the current period has had no material impact on the Company's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

### (b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability | 1 January 2025 |
| Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments | 1 January 2026 |
| Annual Improvements to HKFRS Accounting Standards – Volume 11 | 1 January 2026 |
| HKFRS 18 – Presentation and Disclosure in Financial Statements | 1 January 2027 |
| HKFRS 19 – Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined by the HKICPA |

The directors of the Group are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (a) Consolidation (Continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss unless the investment is classified as held for sale.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (b) Foreign currency translation (Continued)

#### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

### (c) Property, plant and equipment

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

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

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (c) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are, as follows:

| | |
|---|---|
| Land and buildings | 4% |
| Leasehold improvement | 4% |
| Plant and machinery | 12.5% to 20% |
| Casing and equipment | 20% |
| Motor vehicles | 30% |
| Furniture, fixture and office equipment | 33% |

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### (d) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) The Group as lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (d) Leases (Continued)

#### (i) The Group as lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (d) Leases (Continued)

#### (ii) The Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

### (e) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in note 4(u) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

### (f) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method based on direct measurements of value of services delivered or surveys of work performed.

The likelihood of the Group in suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (h) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("**SPPI**"). Interest income from the investment is calculated using the effective interest method.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (h) Financial assets (Continued)

#### Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

### (i) Trade, retention and other receivables

Trade, retention and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade, retention and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

### (k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

### (m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9 and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### (n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (o) Equity instruments

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

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

#### (i) Construction contract income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 4(f) above.

#### (ii) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

### (q) Employee benefits

#### (i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (q) Employee benefits (Continued)

#### (ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For LSP obligation, the Group accounts for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation and the LSP obligation is measured on a gross basis, which is not reduced by the offsetable accrued benefits, as the employer's rights to those benefits are recognised as a separate reimbursement asset.

The Group recognises reimbursement asset as a separate asset because it is virtually certain that another party (e.g. trustee) will reimburse some of all of the expenditure required to settle LSP obligation of the Group, capped at the portion related to accrued benefits before the Transition Date. The Group measures the reimbursement assets at fair value at the end of the reporting period. The changes in fair value are disaggregated and recognised in the same way as for changes in fair value of plan assets. The components of the defined benefit cost recognised is recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

#### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

### (r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (s) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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 and deferred tax assets are generally recognised to for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (t) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

### (u) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and retention receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and retention receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (u) Impairment of financial assets and contracts assets (Continued)

#### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

– 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 for a particular financial instrument;

– 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;

– significant increases in credit risk on other financial instruments of the same 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 on a financial asset 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 financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Impairment of financial assets and contracts assets (Continued)

#### Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

#### 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 analysis, 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.

#### Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty; or

– a breach of contract, such as a default or past due event; or

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of financial difficulties.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (u) Impairment of financial assets and contracts assets (Continued)

#### Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and retention receivables, when the amounts are over one year 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. Any recoveries made are recognised in profit or loss.

#### 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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## 5. CRITICAL JUDGEMENT AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing 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.

## 5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

### Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### (a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

#### (b) Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

## 5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty

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

#### (a) Revenue and profit recognition of construction contracts

As explained in policy notes 4(f) and 4(p), revenue from construction contracts are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date.

Based on the Group's recent experience and the nature of construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 22 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated 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.

During the year ended 31 March 2025, approximately HK$156,193,000 (2024: HK$131,149,000) of revenue from construction contracts was recognised.

#### (b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2025, the carrying amounts of property, plant, and equipment and right-of-use assets is approximately HK$17,503,000 and HK$510,000 (net of an allowance for impairment loss approximately HK$18,534,000 and HK$Nil) respectively.

As at 31 March 2024, the carrying amounts of property, plant, and equipment and right-of-use assets is approximately HK$38,558,000 and HK$2,058,000 respectively.

## 5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (c) Impairment of trade and retention receivables and contract assets

The Group uses practical expedient in estimating ECL on trade and retention receivables and contract assets using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 March 2025, the carrying amount of trade and retention receivables and contract assets is approximately HK$19,483,000 and HK$17,440,000 (net of allowance for impairment loss of approximately HK$13,564,000 and HK$9,602,000) respectively.

As at 31 March 2024, the carrying amount of trade and retention receivables and contract assets is approximately HK$21,016,000 and HK$26,094,000 (net of allowance for impairment loss of approximately HK$15,374,000 and HK$12,716,000) respectively.

#### (d) Impairment of debt investments and loan and interest receivables

The Group applies the general approach in estimating ECL on debt investments and loan and interest receivables. The Group has taken into account the probability of default and loss given default according to relevant level of credit risks of debtors, and adjustment for forward-looking information on macroeconomic factors.

As at 31 March 2025, the carrying amount of debt investments and loan and interest receivables is approximately HK$2,681,000 (net of allowance for impairment loss approximately HK$1,224,000) and HK$18,185,000 (net of allowance for impairment loss approximately HK$1,418,000) respectively.

As at 31 March 2024, the carrying amount of debt investments and loan and interest receivables is approximately HK$2,550,000 (net of allowance for impairment loss of HK$Nil) and HK$5,039,000 (net of allowance for impairment loss of HK$Nil) respectively.

#### (e) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For the year ended 31 March 2025, approximately HK$881,000 (2024: (HK$490,000)) of income tax was charged/(credited) to profit or loss based on the estimated profit.

## 5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (f) Fair value measurement of financial investments

In the absence of quoted market prices in an active market, the Group has engaged independent professional qualified valuers to estimate the fair value of the Group's investment in unlisted equity securities measured at FVTOCI as at 31 March 2025.

The carrying amount of the investment in unlisted equity securities measured at FVTOCI as at 31 March 2025 was approximately HK$3,724,000 (2024: HK$3,698,000).

## 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in HK$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

### (b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower:

- loss after tax for the year ended 31 March 2025 would decrease/increase by HK$1,655,000, and profit after tax for the year ended 31 March 2024 would increase/decrease by HK$1,714,000. This is mainly due to the changes in fair value of held-for-trading investments.

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and retention receivables). The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

#### Trade and retention receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 30–60 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Retention receivables are usually due within 365 days from the date of completion of the projects. The Group's credit terms with its customers are mainly based on the contract terms. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and retention receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECL for trade and retention receivables and contract assets as at 31 March 2025:

| | | 2025 | |
|---|---|---|---|
| **Trade receivables** | **Expected loss rate %** | **Gross carrying amount HK$'000** | **Loss allowance HK$'000** |
| Current (not past due) | **5.52** | **10,327** | **570** |
| 1 – 30 days past due | **N/A** | **–** | **–** |
| 31 – 60 days past due | **N/A** | **–** | **–** |
| 61 – 90 days past due | **N/A** | – | **–** |
| More than 90 days past due | **53.72** | **13,667** | **7,342** |
| | | **23,994** | **7,912** |

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk (Continued)

**Trade and retention receivables and contract assets** (Continued)

| **Retention receivables** | **2025**<br>**Expected loss rate**<br>**%** | **Gross carrying amount**<br>**HK$'000** | **Loss allowance**<br>**HK$'000** |
|---|---|---|---|
| Current (not past due) | **45.65** | **5,921** | **2,703** |
| Up to 3 months | **N/A** | **–** | **–** |
| Over 6 months | **94.16** | **3,132** | **2,949** |
| | | **9,053** | **5,652** |

| **Contract assets** | **2025**<br>**Expected loss rate**<br>**%** | **Gross carrying amount**<br>**HK$'000** | **Loss allowance**<br>**HK$'000** |
|---|---|---|---|
| Current (not past due) | **35.51** | **27,042** | **9,602** |

| Trade receivables | 2024<br>Expected loss rate<br>% | Gross carrying amount<br>HK$'000 | Loss allowance<br>HK$'000 |
|---|---|---|---|
| Current (not past due) | 6.30 | 4,920 | 310 |
| 1 – 30 days past due | 8.29 | 3,159 | 262 |
| 31- 60 days past due | 9.49 | 527 | 50 |
| 61 – 90 days past due | N/A | – | – |
| More than 90 days past due | 48.30 | 22,677 | 10,953 |
| | | 31,283 | 11,575 |

| Retention receivables | 2024<br>Expected loss rate<br>% | Gross carrying amount<br>HK$'000 | Loss allowance<br>HK$'000 |
|---|---|---|---|
| Current (not past due) | 49.89 | 2,610 | 1,302 |
| Up to 3 months | N/A | – | – |
| Over 6 months | 100 | 2,497 | 2,497 |
| | | 5,107 | 3,799 |

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk (Continued)

#### Trade and retention receivables and contract assets (Continued)

| | 2024 | | |
|---|---|---|---|
| Contract assets | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 |
| Current (not past due) | 32.76 | 38,810 | 12,716 |

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and contract assets.

Movement in the loss allowance account in respect of trade and retention receivables and contract assets during the year is as follows:

| | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|
| At 1 April | **28,090** | 29,212 |
| (Reversal of)/allowance for impairment losses recognised for the year | **(2,900)** | 1,076 |
| Amounts written off during the year | **(2,024)** | (2,198) |
| At 31 March | **23,166** | 28,090 |

#### Other receivables

All of the Group's other receivables are considered to have low credit risk, and the allowance for impairment recognised during the year was therefore limited to 12-month expected losses. Management considers other receivables to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

As at 31 March 2025, there were 5 customers (2024: 3 customers) which individually contributed over 10% of the Group's trade and retention receivables respectively. The aggregate amounts of trade and retention receivables from these customers amounted to 83% of the Group's total trade and retention receivables as at 31 March 2025 (2024: 63%).

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk (Continued)

#### Loan and interest receivables

The Group measures loss allowance under HKFRS 9 ECL model. The measure 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, credit rating of customers and adjusted by forward-looking information.

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

As at 31 March 2025, there were 3 borrowers (2024: Nil) which individually contributed over 10% of the Group's loan and interest receivables. The aggregate amounts of loan and interest receivables from these borrowers amounted to 92% of the Group's loan and interest receivables.

For details, please refer to Note 25 of the consolidated financial statements.

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

| **At 31 March 2025** | **On demand or within 1 year HK$'000** | **More than 1 year but less than 2 years HK$'000** | **More than 2 years but less than 5 years HK$'000** | **Total contractual undiscounted cash flows HK$'000** | **Carrying amount HK$'000** |
|---|---|---|---|---|---|
| Trade and retention payables | **16,135** | **–** | **–** | **16,135** | **16,135** |
| Accruals and other payables | **2,909** | **–** | **–** | **2,909** | **2,909** |
| Bank borrowings | **206** | **–** | **–** | **206** | **206** |
| Lease liabilities | **1,147** | **50** | **–** | **1,197** | **1,063** |
| | **20,397** | **50** | **–** | **20,447** | **20,313** |

| At 31 March 2024 | On demand or within 1 year HK$'000 | More than 1 year but less than 2 years HK$'000 | More than 2 years but less than 5 years HK$'000 | Total contractual undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|
| Trade and retention payables | 30,008 | – | – | 30,008 | 30,008 |
| Accruals and other payables | 9,989 | – | – | 9,989 | 9,989 |
| Bank borrowings | 1,077 | – | – | 1,077 | 1,077 |
| Lease liabilities | 2,489 | 1,004 | 50 | 3,543 | 2,955 |
| | 43,563 | 1,004 | 50 | 44,617 | 44,029 |

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (d) Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2025 and 2024, the aggregate undiscounted principal amounts of these bank borrowings with a repayment on demand clause amounted to approximately HK$206,000 and HK$1,077,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks and the lenders will exercise their discretionary rights to demand immediate repayment.

The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the repayment cash outflows are as below:

| | Repayable within 1 year HK$'000 | More than 1 year but less than 2 years HK$'000 | More than 2 years but less than 5 years HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **At 31 March 2025** | | | | |
| **Contractual undiscounted cash flows** | **207** | **–** | **–** | **207** |
| At 31 March 2024 | | | | |
| Contractual undiscounted cash flows | 898 | 207 | – | 1,105 |

### (e) Interest rate risk

The Group's debt investments, loan and interest receivables, lease liabilities and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to cash flow interest rate risk arises from its cash held in securities trading accounts with stock brokers, bank deposits. These bank deposits bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2025, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, loss after tax for the year would have been HK90,000 higher/lower (2024: profit before tax HK$28,000 lower/higher), arising mainly as a result of net of lower/higher interest income on its bank and cash balance, cash held in securities trading accounts with stock brokers and bank deposits.

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (f) Categories of financial instruments at 31 March

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| **Financial assets:** | | |
| Financial assets at FVTPL: | | |
| Mandatorily measured at FVTPL – Held for trading | **16,546** | 17,140 |
| Financial assets at FVTOCI: | | |
| Equity instruments | **7,341** | 3,698 |
| Financial assets at amortised costs (including cash and cash equivalents) | **84,871** | 103,272 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **20,313** | 44,028 |

### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

## 7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

## 7. FAIR VALUE MEASUREMENTS (Continued)

**(a)** Disclosures of level in fair value hierarchy at 31 March 2025 and 2024:

| Description | Fair value measurements using | | | Total |
|---|---|---|---|---|
| | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | 2025 HK$'000 |
| **Recurring fair value measurements:** | | | | |
| **Financial assets** | | | | |
| Financial assets at FVTPL: | | | | |
| Listed securities in Hong Kong | **16,546** | **–** | **–** | **16,546** |
| Financial assets at FVTOCI: | | | | |
| Unlisted equity securities | **–** | **–** | **3,724** | **3,724** |
| Limited partnership fund | **–** | **–** | **3,617** | **3,617** |
| Total | **16,546** | **–** | **7,341** | **23,887** |

| Description | Fair value measurements using | | | Total |
|---|---|---|---|---|
| | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | 2024 HK$'000 |
| **Recurring fair value measurements:** | | | | |
| **Financial assets** | | | | |
| Financial assets at FVTPL: | | | | |
| Listed securities in Hong Kong | 17,140 | – | – | 17,140 |
| Financial assets at FVTOCI: | | | | |
| Unlisted equity securities | – | – | 3,698 | 3,698 |
| Total | 17,140 | – | 3,698 | 20,838 |

**(b)** Reconciliation of assets measured at fair value based on level 3:

| | Financial assets at FVOCI | |
|---|---|---|
| | **2025 HK$'000** | 2024 HK$'000 |
| At 1 April | **3,698** | 8,144 |
| Additions | **3,465** | – |
| Total gains or losses recognised in other comprehensive income | **178** | (4,446) |
| At 31 March | **7,341** | 3,698 |

## 7. FAIR VALUE MEASUREMENTS (Continued)

**(c)** Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2025:

The Group's Chief Financial Officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Officer and the Board of Directors at least twice a year.

For the unlisted equity securities, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

For the limited partnership fund, the fund was principally invested in the equity shares intended for listing after the initial public offering, and shares issued by listed companies through private placements. The Group determines the fair value of the fund as at the reporting date based on the reported net asset value of the fund as provided by the fund manager. Given that the underlying equity investments were diversified and each of the underlying investments was immaterial to the Group, no fair value disclosure has been made for the underlying equity investments in the fund.

**Level 3 fair value measurements**

| Description | Valuation technique | Unobservable inputs | Range 2025 % | Range 2024 % | Effect on fair value for increase of inputs | Fair value 2025 HK$'000 | Fair value 2024 HK$'000 |
|---|---|---|---|---|---|---|---|
| | | | | | | **Assets** | |
| Private equity investments | Discounted cash flows | Weighted average cost of capital | **12.6 %** | 13.3% | Decrease | **3,724** | 3,698 |
| | | Long-term revenue growth rate | **2.0%** | 2.0% | Increase | | |
| | | Discount for lack of marketability | **15.6%** | 15.7% | Decrease | | |
| Limited partnership fund | Reported net asset value | N/A | **N/A** | N/A | N/A | **3,617** | – |

## 8. REVENUE

**(a)** Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| Construction contract income | **156,193** | 131,149 |
| **Revenue from leases within the scope of HKFRS 16** | | |
| Rental income from machinery | **2,354** | 8,820 |
| | **158,547** | 139,969 |

The Group derives revenue from the construction contract and machinery rental over time in the following major service lines and geographical regions:

| For the year ended 31 March | Construction contract income | | Rental income from machinery | | Total | |
|---|---|---|---|---|---|---|
| | 2025<br>HK$'000 | 2024<br>HK$'000 | 2025<br>HK$'000 | 2024<br>HK$'000 | 2025<br>HK$'000 | 2024<br>HK$'000 |
| **Primary geographical markets** | | | | | | |
| – Hong Kong | **156,193** | 131,149 | **2,354** | 8,820 | **158,547** | 139,969 |
| Segment Revenue | **156,193** | 131,149 | **2,354** | 8,820 | **158,547** | 139,969 |
| **Timing of revenue recognition** | | | | | | |
| – Over time | **156,193** | 131,149 | **2,354** | 8,820 | **158,547** | 139,969 |

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and the expected timing of recognising revenue as follows:

| | Construction contracts | |
|---|---|---|
| | 2025<br>HK$'000 | 2024<br>HK$'000 |
| Within one year | **12,317** | 128,439 |

## 9. OTHER INCOME, GAINS/(LOSSES)

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Gain on disposals of right-of-use assets | – | 230 |
| Loss on write-off of property, plant and equipment | – | (5,802) |
| Fair value (loss)/gain on disposals of held for trading securities | (371) | 10,600 |
| Interest income | | |
| – Saving deposits and time deposits | 348 | 655 |
| – Debt investments | 410 | 551 |
| – Loan receivables | 1,167 | – |
| Others | 829 | 15 |
| | 2,383 | 6,249 |

## 10. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As the Group is principally engaged in the provision of foundation work and machinery rental in Hong Kong, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the loss before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the year.

## 10. SEGMENT INFORMATION (Continued)

### Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of the total revenue of the Group is as below:

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Customer 1 | **97,605** | N/A[1] |
| Customer 2 | **24,369** | 57,136 |
| Customer 3 | **16,360** | N/A[1] |
| Customer 4 | **N/A[1]** | 24,168 |
| Customer 5 | **N/A[1]** | 15,650 |

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

## 11. FINANCE COSTS

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Interest on: | | |
| – bank borrowings | **33** | 58 |
| – lease liabilities | **469** | 460 |
| | **502** | 518 |

## 12. INCOME TAX EXPENSES/(CREDIT)

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| Current tax – Hong Kong Profits Tax | | |
| Provision for the year | **–** | – |
| Over-provision in prior years | **–** | (26) |
| | **–** | (26) |
| Deferred tax (note 32) | **881** | (464) |
| | **881** | (490) |

No provision for Hong Kong Profits Tax is required since the assessable profits during the year ended 31 March 2025 has been fully offset by the tax loss brought forward from prior years (2024: Same).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expenses/(credit) and the product of (loss)/profit before tax multiplied by respective applicable tax rates is as follows:

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| (Loss)/profit before tax | **(30,270)** | 7,127 |
| Tax at the respective applicable tax rates | **(4,995)** | 1,176 |
| Tax effect of expenses that are not deductible | **3,849** | 2,913 |
| Tax effect of income that is not taxable | **(115)** | (298) |
| Tax effect of tax losses not recognised | **2,951** | 146 |
| Tax effect of utilisation of tax losses previously not recognised | **–** | (3,181) |
| Tax effect of temporary differences previously not recognised | **(809)** | (1,220) |
| Over-provision in prior years | **–** | (26) |
| Income tax expenses/(credit) | **881** | (490) |

## 13. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

| | Note | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| (Reversal of)/allowance for impairment loss of trade and retention receivables, net | | **(604)** | 1,597 |
| Reversal of impairment loss of contract assets | | **(2,296)** | (521) |
| Allowance for impairment loss of debt investments and loan and interest receivables | | **2,642** | – |
| Auditor's remuneration | | | |
| – Audit services | | **544** | 680 |
| – Non-audit services | | **120** | 120 |
| | | **664** | 800 |
| Costs of construction materials | (a) | **53,417** | 37,470 |
| Costs of subcontracting fee | (a) | **40,902** | 5,709 |
| Depreciation on property, plant and equipment | | **5,863** | 6,794 |
| Depreciation on right-of-use assets | | **1,821** | 2,648 |
| | (b) | **7,684** | 9,442 |
| Allowance for impairment loss of property, plant and equipment | | **18,534** | – |
| Gain on disposals of right-of-use assets | | **–** | (230) |
| Loss on write-off of property, plant and equipment | | **–** | 5,802 |
| Operating lease charges | | | |
| – Land and buildings | (c) | **422** | 216 |
| Staff costs including directors' emoluments | | | |
| – Salaries, bonuses, allowances and other benefits | | **21,381** | 47,446 |
| – Retirement benefits scheme contributions | | **502** | 1,132 |
| | (d) | **21,883** | 48,578 |

Notes:

(a) The amounts were included in cost of sales for the year.

(b) The amounts included in cost of sales for the year ended 31 March 2025 and 2024 amounted to HK$5,836,000 and HK$7,581,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2025 and 2024 amounted to HK$236,000 and HK$80,630 respectively.

(d) The amounts included in cost of sales for the year ended 31 March 2025 and 2024 amounted to HK$20,183,000 and HK$35,551,000 respectively.

## 14. EMPLOYEE BENEFITS EXPENSE

| | Note | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|---|
| Employee benefits expense: | | | |
| Basic salaries, bonuses, allowances and other benefits | | **21,381** | 47,446 |
| Retirement benefits scheme contributions | (a) | **502** | 1,132 |
| | | **21,883** | 48,578 |

Notes:

**(a) Retirement benefits scheme contributions:**

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme. No forfeited contribution is available for use by the Group to reduce the existing level of contributions for the year ended 31 March 2025.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

**(b) Directors' emoluments:**

| | **Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking** | | | | |
|---|---|---|---|---|---|
| **For the year ended 31 March 2025** | **Fees HK$'000** | **Salaries and allowances HK$'000** | **Discretionary bonuses HK$'000** | **Employer's contribution to a retirement benefit scheme HK$'000** | **Total HK$'000** |
| **Executive Directors** | | | | | |
| Ms. Liu Ching Man | **–** | **540** | **–** | **18** | **558** |
| **Independent Non-executive Directors** | | | | | |
| Mr. He Dingding | **120** | **–** | **–** | **–** | **120** |
| Ms. Chan Tsz Hei Sammi | **120** | **–** | **–** | **–** | **120** |
| Mr. Ng Kim Lung | **120** | **–** | **–** | **–** | **120** |
| **Total** | **360** | **540** | **–** | **18** | **918** |

## 14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

**(b) Directors' emoluments: (Continued)**

| For the year ended 31 March 2024 | Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking | | | | |
|---|---|---|---|---|---|
| | Fees HK$'000 | Salaries and allowances HK$'000 | Discretionary bonuses HK$'000 | Employer's contribution to a retirement benefit scheme HK$'000 | Total HK$'000 |
| **Executive Directors** | | | | | |
| Ms. Liu Ching Man (note (i)) | 90 | 135 | – | 4 | 229 |
| Mr. Tang Kwai Leung, Stanley (note (ii)) | – | 850 | – | 14 | 864 |
| **Independent Non-executive Directors** | | | | | |
| Mr. He Dingding | 120 | – | – | – | 120 |
| Ms. Chan Tsz Hei Sammi | 120 | – | – | – | 120 |
| Mr. Ng Kim Lung (note (iii)) | 30 | – | – | – | 30 |
| **Total** | 360 | 985 | – | 18 | 1,363 |

Notes:

(i) Ms. Liu Ching Man was re-designated from an independent non-executive director to executive director on 29 December 2023. The director fee of HK$90,000 represents her emoluments as an independent non-executive director. The remaining HK$139,000 represents her emoluments as an executive director.

(ii) Mr. Tang Kwai Leung, Stanley resigned as an executive director on 29 December 2023.

(iii) Mr. Ng Kim Lung was appointed as an independent non-executive director on 29 December 2023.

## 14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

**(c) Five highest paid individuals:**

There was no director within five highest paid individuals in the Group during the year (2024: one) whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the five (2024: four) individuals are set out below:

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Salaries and other emoluments | 4,682 | 6,360 |
| Discretionary bonus | 65 | 679 |
| Retirement benefits scheme contributions | 80 | 72 |
| | 4,827 | 7,111 |

The emoluments fell within the following bands:

| | Number of individuals | |
|---|---|---|
| | 2025 | 2024 |
| Nil to HK$1,000,000 | 3 | – |
| HK$1,000,001 – HK$1,500,000 | 2 | 4 |

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors waived or agreed to waive any emoluments during the years ended 31 March 2025 and 2024.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the directors of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**(e) Director's termination benefits**

None of the directors of the Company received any termination benefits during the year ended 31 March 2025 (2024: Nil).

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

During the year ended 31 March 2025, the Company did not pay considerations to any third parties for making available directors' services (2024: Nil).

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

As at 31 March 2025, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and the directors' connected entities (2024: Nil).

## 15. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2025 (2024: HK$Nil).

## 16. (LOSS)/EARNINGS PER SHARE

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

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| (Loss)/earnings attributable to owners of the Company | **(31,151)** | 8,351 |

| **Number of shares** | **'000** | '000<br>(Restated) |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share | **578,193** | 394,441 |

The calculation of the basic and diluted (loss)/profit per share is based on the (loss)/earnings for the year ended 31 March 2025 attributable to owners of the Company and the weighted average number of ordinary shares after adjusting the effect of the rights issue and placing during the year.

The corresponding weighted average number of ordinary shares for the year ended 31 March 2024 has been retrospectively adjusted to reflect the rights issue. Details of rights issue completed during the year is set out in note 33.

The weighted average number of ordinary shares used as denominators in calculating the basic and diluted (loss)/earnings per share are the same.

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvement | Land and buildings | Plant and machinery | Casing and equipment | Motor vehicles | Furniture, fixture and office equipment | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Cost** | | | | | | | |
| As at 1 April 2023 | – | 16,251 | 46,953 | 72,343 | 650 | 199 | 136,396 |
| Additions | 331 | 113 | – | – | 105 | 36 | 585 |
| Disposal | – | – | (9,957) | – | – | – | (9,957) |
| As at 31 March 2024 and 1 April 2024 | **331** | **16,364** | **36,996** | **72,343** | **755** | **235** | **127,024** |
| Transfer from right-of-use assets | **–** | **–** | **–** | **–** | **1,473** | **–** | **1,473** |
| Additions | **–** | **–** | **3,342** | **–** | **–** | **–** | **3,342** |
| As at 31 March 2025 | **331** | **16,364** | **40,338** | **72,343** | **2,228** | **235** | **131,839** |
| **Accumulated Depreciation & Impairment** | | | | | | | |
| As at 1 April 2023 | – | 460 | 29,120 | 55,481 | 596 | 170 | 85,827 |
| Charge for the year | 13 | 653 | 2,457 | 3,629 | 16 | 26 | 6,794 |
| Disposal | – | – | (4,155) | – | – | – | (4,155) |
| As at 31 March 2024 and 1 April 2024 | **13** | **1,113** | **27,422** | **59,110** | **612** | **196** | **88,466** |
| Transfer from right-of-use assets | **–** | **–** | **–** | **–** | **1,473** | **–** | **1,473** |
| Charge for the year | **13** | **650** | **2,614** | **2,493** | **70** | **23** | **5,863** |
| Impairment | **–** | **–** | **7,794** | **10,740** | **–** | **–** | **18,534** |
| As at 31 March 2025 | **26** | **1,763** | **37,830** | **72,343** | **2,155** | **219** | **114,336** |
| **Carrying amount** | | | | | | | |
| As at 31 March 2025 | **305** | **14,601** | **2,508** | **–** | **73** | **16** | **17,503** |
| As at 31 March 2024 | 318 | 15,251 | 9,574 | 13,233 | 143 | 39 | 38,558 |

With the loss from operations and operating cash outflow of the construction business cash generating unit ("CGU") for the year ended 31 March 2025, the management of the Group concluded there was an impairment indicator in this CGU. The recoverable amounts of the CGU has been determined based on value in use calculation. That calculation uses cash flow projections based on the financial budgets approved by the management of the Group covering the 5-years period with a pre-tax discount rate of 9.8%. The terminal growth rate used in the cash flow projections is 2%. The assumption for revenue growth is based on the expected completion period of the existing projects and the expected project sum that the Group could bid with reference to their resource capacity.

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

This was necessitated by a revision of the cash flow forecast, which were adversely impact by an expectation of lower profitability from future progress slow-down in the construction sector in Hong Kong and the Group has revised its cash flow forecasts for this CGU. During the year ended 31 March 2025, the Group recognised an impairment loss of HK$18,534,000 on the property, plant and equipment.

## 18. RIGHT-OF-USE ASSETS

| | **Motor Vehicles** HK$'000 | **Leased properties** HK$'000 | **Total** HK$'000 |
|---|---|---|---|
| At 1 April 2023 | 1,196 | 3,788 | 4,984 |
| Depreciation | (922) | (1,726) | (2,648) |
| Disposal | – | (278) | (278) |
| At 31 March 2024 and 1 April 2024 | **274** | **1,784** | **2,058** |
| Additions | **–** | **273** | **273** |
| Depreciation | **(258)** | **(1,563)** | **(1,821)** |
| At 31 March 2025 | **16** | **494** | **510** |

Lease liabilities of HK$1,063,000 (2024: HK$2,955,000) are recognised with related right-of-use assets of HK$510,000 (2024: HK$2,058,000) as at 31 March 2025. 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.

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| Depreciation expenses on right-of-use assets | **1,821** | 2,648 |
| Interest expense on lease liabilities (included in finance cost) | **469** | 460 |
| Expenses relating to short-term lease (included in contract assets, cost of goods sold and administrative) | **422** | 216 |

Details of total cash outflow for leases is set out in note 37(c).

For both years, the Group leases various offices, warehouses and motor vehicles for its operations. Lease contracts are entered into for fixed term of 2 year to 6 years (2024: 1 year to 4 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

## 19. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2025 are as follows:

| Name | Place of incorporation/ registration and operation | Particular of issued share capital | Percentage of ownership interest/voting power/ profit sharing | | Principal Activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Everest Enterprise Company Limited ("**Everest Enterprise**") | BVI | US$100 | 100% | – | Investing holding |
| Triangular Force Construction Engineering Limited ("**Triangular Force**") | Hong Kong | HK$10,000 | – | 100% | Provision of foundation works and machinery rental services |
| TMP Machinery Engineering Limited ("**TMP Machinery**") | Hong Kong | HK$10,000 | – | 100% | Provision of management service for construction work |
| Longson Enterprise Development Company Limited ("**Longson**") | Hong Kong | HK$2,000 | – | 100% | Provision of machinery rental service and investment in securities |
| Goldstone International Investment Development Company Limited (formerly known as Goldstone Communications Limited) ("**GCL**") | Hong Kong | HK$100 | 100% | – | Public relation services, brand building and marketing services |
| Goldstone Finance Limited ("**GFL**") | Hong Kong | HK$1,000,000 | 100% | – | Money lending business (2024: Investment holding) |
| Greater Bay Area Development Group Limited ("**GBA**") | Hong Kong | HK$10,000,000 | 100% | – | Investment in securities (2024: Dormant) |
| Goldstone Industrial (HK) Limited | Hong Kong | HK$1 | – | 100% | Dormant |

## 20. FINANCIAL ASSETS AT FVTOCI

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Financial assets at FVTOCI:** | | |
| Unlisted equity securities (note (i)) | **3,724** | 3,698 |
| Limited partnership fund (note (ii)) | **3,617** | – |
| | **7,341** | 3,698 |
| Analysed as: | | |
| Non-current assets | **7,341** | 3,698 |

The financial assets at FVTOCI are denominated in HK$.

The Directors of the Company irrevocably elected to classify these investments as equity instruments at FVTOCI, as they believe reflecting short-term fair value changes in profit or loss would not align with the Group's long-term investment strategy or its focus on maximizing performance over time.

Notes:

(i) It represents investment in Central Champion Holding Limited incorporated in BVI and owned 14.23% (2024: 14.23%) equity interests in that company. The Group is unable to exercise significant influence over that company and the investment is classified as financial assets at FVTOCI.

(ii) It represents investment in Goldstone 1 LPF incorporated in Hong Kong and owned 6.29% (2024: Nil) equity interest in that fund. The Group is unable to exercise significant influence over that company and the investment is classified as financial assets at FVTOCI.

## 21. TRADE AND RETENTION RECEIVABLES

| | Note | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Trade receivables | (a) | **23,994** | 31,283 |
| Allowance for impairment loss | | **(7,912)** | (11,575) |
| | | **16,082** | 19,708 |
| Retention receivables (note) | (b) | **9,053** | 5,107 |
| Allowance for impairment loss | | **(5,652)** | (3,799) |
| | | **3,401** | 1,308 |
| | | **19,483** | 21,016 |

Note: Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycles.

## 21. TRADE AND RETENTION RECEIVABLES (Continued)

(a) The Group receives progress billings from contract customers. The credit terms generally range from 30 to 60 days from the date of billing. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, and net of allowance for impairment loss is as follows:

| | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|
| 0 to 30 days | **4,072** | 4,610 |
| 31 to 60 days | **5,685** | 2,897 |
| 61 to 90 days | **–** | 477 |
| Over 90 days | **6,325** | 11,724 |
| | **16,082** | 19,708 |

Movement in allowance for impairment loss of trade receivables is as follows:

| | HK$'000 |
|---|---|
| At 1 April 2023 | 12,338 |
| Reversal of allowance for the year | (168) |
| Written off | (595) |
| At 31 March 2024 and 1 April 2024 | **11,575** |
| Reversal of allowance for the year | **(2,457)** |
| Written off | **(1,206)** |
| At 31 March 2025 | **7,912** |

The carrying amounts of the Group's trade receivables are denominated in HK$.

(b) The ageing analysis of retention receivables based on invoice date, and net of allowance for impairment loss is as follows:

| | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|
| Within 1 year | **3,401** | 1,308 |

Movement in allowance for impairment loss of retention receivables is as follows:

| | HK$'000 |
|---|---|
| At 1 April 2023 | 2,895 |
| Allowance for the year | 1,765 |
| Written off | (861) |
| At 31 March 2024 and 1 April 2024 | **3,799** |
| Allowance for the year | **1,853** |
| At 31 March 2025 | **5,652** |

The carrying amounts of the Group's retention receivables are denominated in HK$.

## 22. CONTRACT ASSETS

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Contract assets arising from: | | |
| Performance under construction contracts | **6,852** | 15,243 |
| Less: Allowance for impairment loss | **(387)** | (960) |
| | **6,465** | 14,283 |
| Retention receivables from contracts with customers | **20,190** | 23,567 |
| Less: Allowance for impairment loss | **(9,215)** | (11,756) |
| | **10,975** | 11,811 |
| | **17,440** | 26,094 |

As at 31 March 2025, all contract assets were expected to be billed within one year (2024: one year).

Movement in allowance for impairment loss of contract assets is as follows:

| | HK$'000 |
|---|---|
| At 1 April 2023 | 13,979 |
| Reversal of allowance for the year | (521) |
| Written off | (742) |
| At 31 March 2024 and 1 April 2024 | **12,716** |
| Reversal of allowance for the year | **(2,296)** |
| Written off | **(818)** |
| At 31 March 2025 | **9,602** |

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. Additionally, the Group typically agrees 6 months – 1 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the year-end date.

## 23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| Prepayments | **10,337** | 3,072 |
| Other receivables | **13,485** | 7,061 |
| Total deposits, prepayments and other receivables | **23,822** | 10,133 |
| Analyzed as: | | |
| Current assets | **21,595** | 7,906 |
| Non-current assets | **2,227** | 2,227 |
| | **23,822** | 10,133 |

## 24. HELD FOR TRADING SECURITIES

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| **Equity securities, at fair value** | | |
| Listed in Hong Kong | **16,546** | 17,140 |

The carrying amount of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of listed securities are based on current bid prices.

## 25. LOAN AND INTEREST RECEIVABLES

| | | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|---|
| Fixed rate loan and interest receivables | (i) | **19,603** | 5,039 |
| Less: Allowance for impairment loss | (ii) | **(1,418)** | – |
| Carrying amount | | **18,185** | 5,039 |
| Analyzed as: | | | |
| Current assets | | **18,185** | 5,039 |

As at 31 March 2024, the Group entered into a loan agreement with the principal amount of HK$5,000,000. The loan carried at the interest rate of 9% per annum. The maturity date of the loan is 3 March 2025. The principal amount and interest were fully repaid during the year.

## 25. LOAN AND INTEREST RECEIVABLES (Continued)

Goldstone Finance Limited ("**GFL**"), a subsidiary of the Group, obtained a money lending license and commenced the operations of money lending during the year. GFL entered into loan agreements exclusively with certain corporate borrowers. All loans issued are unsecured, carry fixed interest rates ranging from 6% to 30% per annum, and have maturities within one year. As at 31 March 2025, there are no outstanding commitments related to undrawn loan amounts.

(i) The movement of gross balance of loan and interest receivables is as follows:

| | Stage 1<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|
| At 1 April 2023 | – | – |
| Amounts originated | 5,039 | 5,039 |
| Amounts recovered or repaid during the year | – | – |
| At 31 March 2024 and 1 April 2024 | **5,039** | **5,039** |
| Amounts originated | **23,522** | **23,522** |
| Amounts recovered or repaid during the year | **(8,958)** | **(8,958)** |
| At 31 March 2025 | **19,603** | **19,603** |

(ii) Movement in allowance for impairment loss of loan and interest receivable is as follows:

| | Stage 1<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|
| At 1 April 2023 | – | – |
| Allowance for impairment loss | – | – |
| At 31 March 2024 and 1 April 2024 | **–** | **–** |
| Allowance for impairment loss | **1,418** | **1,418** |
| At 31 March 2025 | **1,418** | **1,418** |

The loan and interest receivables are due for settlement at the date specified in the respective loan agreements.

## 26. DEBT INVESTMENTS

| | | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **At amortised cost** | | | |
| Bond | (i) | **1,165** | – |
| Promissory notes | (ii) | **2,740** | 2,550 |
| | (iii) | **3,905** | 2,550 |
| Less: Allowance for impairment loss | (iv) | **(1,224)** | – |
| | | **2,681** | 2,550 |
| Analyzed as: | | | |
| Current assets | | **2,681** | 2,550 |

(i) During the year, the Group subscribed a bond of HK$1,000,000 issued by a company in listed Hong Kong. The bond carried a quarterly interest of 7.5% and was initially set to mature in November 2024. The maturity was extended to February 2025 with quarterly interest at 9%. As at 31 March 2025, the principal and interest had not yet been settled by the issuer.

Subsequent to the year ended, the Group has entered into a loan assignment agreement with the issuer and an independent third party ("**assignee**"). Through this agreement, the Group assigned the principal amount and accrued interest totaling HK$1,165,000 in exchange for a consideration of HK$1,065,000. The consideration has been fully settled by the assignee.

(ii) As at 31 March 2025, the Group subscribed to two promissory notes issued by private companies in Hong Kong. The promissory notes are unsecured, carried a fixed interest rate at 12% (2024: 12%) per annum and matured on 28 November 2024, with being guaranteed by the shareholder of the issuers. During the year, the Group entered into supplementary agreements with the issuer to extend the repayment date to 28 May 2025. Subsequent to the year, the principal and interests were settled.

(iii) The movement of gross balance of debt investments is as follows:

| | Stage 1 HK$'000 | Stage 3 HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1 April 2023 | | | |
| Amounts originated | 2,550 | – | – |
| At 31 March 2024 and 1 April 2024 | **2,550** | **–** | **2,550** |
| Transfer from stage 1 to stage 3 | **(1,165)** | **1,165** | **–** |
| Amounts originated | **1,355** | **–** | **1,355** |
| At 31 March 2025 | **2,740** | **1,165** | **3,905** |

## 26. DEBT INVESTMENTS (Continued)

(iv) Movement in allowance for impairment loss of debt investments is as follows:

| | Stage 1<br>HK$'000 | Stage 3<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|---|
| At 1 April 2023 | – | – | – |
| Allowance for impairment loss | – | – | – |
| At 31 March 2024 and 1 April 2024 | – | – | – |
| Allowance for impairment loss | 613 | 611 | 1,224 |
| At 31 March 2025 | 613 | 611 | 1,224 |

## 27. BANK AND CASH BALANCES

Bank and cash balances are denominated in HK$.

## 28. TRADE AND RETENTION PAYABLES

| | Note | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Trade payable | (a) | 16,004 | 27,860 |
| Retention payables (note) | (b) | 131 | 2,148 |
| | | 16,135 | 30,008 |

Note: Retention payables are included in current liabilities as the Group expects to realise these within its normal operating cycles.

(a) The ageing analysis of trade payables, based on the invoice date, is as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| 0 to 30 days | 1,009 | 5,000 |
| 31 to 60 days | 1 | 3,501 |
| 61 to 90 days | 1 | 2,410 |
| Over 90 days | 14,993 | 16,949 |
| | 16,004 | 27,860 |

The carrying amounts of the Group's trade payables are denominated in HK$.

## 28. TRADE AND RETENTION PAYABLES (Continued)

(b) Retention payables from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

The carrying amounts of the Group's retention payables are denominated in HK$.

## 29. ACCRUALS AND OTHER PAYABLES

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Accruals | **2,968** | 8,230 |
| Other payables | **1,234** | 3,052 |
| | **4,202** | 11,282 |

## 30. BANK BORROWINGS

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Bank borrowings – unsecured | **206** | 1,077 |

In the consolidated statement of financial position, bank borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities. Based on the scheduled repayment set out in the banking facility agreements, the maturity of obligations under bank borrowings are as follows:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| On demand or within one year | **206** | 871 |
| More than one year, but not exceeding two years | **–** | 206 |
| | **206** | 1,077 |
| Less: Amount due for settlement within 12 months | **(206)** | (871) |
| | **–** | 206 |
| Represented by: | | |
| Amount due for settlement after 12 months | **–** | – |
| Portion of bank borrowings that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities) | **–** | 206 |

The bank borrowings are guaranteed by the Company.

## 30. BANK BORROWINGS (Continued)

The average interest rates per annum at 31 March were as follows:

| | **2025** | 2024 |
|---|---|---|
| Bank borrowings | **3.31%** | 3.63% |

As at 31 March 2025, the bank borrowings of approximately HK$206,000 (2024: HK$1,077,000) are arranged at the interest rates of 3% to 3.625% per annum.

## 31. LEASE LIABILITIES

| | **Minimum lease payments** | | **Present value of minimum lease payments** | |
|---|---|---|---|---|
| | **2025 HK$'000** | 2024 HK$'000 | **2025 HK$'000** | 2024 HK$'000 |
| Within one year | **1,147** | 2,489 | **1,014** | 2,032 |
| In the second year | **50** | 1,004 | **49** | 874 |
| In the third to fifth years, inclusive | **–** | 50 | **–** | 49 |
| | **1,197** | 3,543 | **1,063** | 2,955 |
| Less: Future finance charges | **(134)** | (588) | **–** | – |
| Present value of lease obligations | **1,063** | 2,955 | **1,063** | 2,955 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | | **(1,014)** | (2,032) |
| Amount due for settlement after 12 months | | | **49** | 923 |

All lease liabilities are denominated in HK$.

The incremental borrowing rates applied to lease liabilities range from 2.00% to 5.25% per annum (2024: from 2.00% to 5.63% per annum).

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is 5 years for the year ended 31 March 2025 and 2024 respectively. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

As at 31 March 2025 and 2024, all lease liabilities bear fixed interest rate at the contract date and thus expose the Group to fair value interest rate risk.

None of the portion of lease liabilities due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

## 32. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group:

| | Accelerated tax depreciation | Tax losses | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| As at 1 April 2023 | (5,381) | 5,822 | 441 |
| Credit/(charge) for the year (note 13) | 1,858 | (1,394) | 464 |
| As at 31 March 2024 and 1 April 2024 | **(3,523)** | **4,428** | **905** |
| Credit/(charge) for the year (note 13) | **3,547** | **(4,428)** | **(881)** |
| As at 31 March 2025 | **24** | **–** | **24** |

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

| | **2025** | 2024 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Deferred tax assets | **324** | 4,428 |
| Deferred tax liabilities | **(300)** | (3,523) |
| | **24** | 905 |

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$39,684,000 (2024: HK$32,039,000) available for offset against future profits. No deferred tax asset has been recognised (2024: HK$4,428,000) of such losses. Unused tax losses may be carried forward indefinitely.

## 33. SHARE CAPITAL

| | Note | 2025 Number of shares | 2025 Amount HK$'000 | 2024 Number of shares | 2024 Amount HK$'000 |
|---|---|---|---|---|---|
| **Authorised:** | | | | | |
| At the end of the reporting period, ordinary shares of HK$0.5 each for 2023 and HK$0.01 each for 2024 respectively | | **45,000,000,000** | **450,000** | 400,000,000 | 200,000 |
| Increase of authorised share capital | (i) | **–** | **–** | 500,000,000 | 250,000 |
| Capital reduction, share premium reduction and share sub-division | (ii) | **–** | **–** | 44,100,000,000 | – |
| At the end of the reporting period, ordinary shares of HK$0.01 each for 2024 and 2025 respectively | | **45,000,000,000** | **450,000** | 45,000,000,000 | 450,000 |
| **Issued and fully paid:** | | | | | |
| At the end of the reporting period, ordinary shares of HK$0.5 each for 2023 and HK$0.01 each for 2024 respectively | | **480,003,445** | **4,800** | 160,001,378 | 80,001 |
| Capital reduction, share premium reduction and share sub-division | (ii) | **–** | **–** | – | (78,401) |
| Issuance of shares upon rights issue | (iii) | **–** | **–** | 240,002,067 | 2,400 |
| Issuance of shares upon placement | (iv) | **–** | **–** | 80,000,000 | 800 |
| Issuance of shares upon rights issue | (v) | **60,123,934** | **601** | – | – |
| Issuance of shares upon placement | (vi) | **179,860,000** | **1,799** | – | – |
| At the end of the reporting period, ordinary shares of HK$0.01 each for 2024 and 2025 respectively | | **719,987,379** | **7,200** | 480,003,445 | 4,800 |

## 33. SHARE CAPITAL (Continued)

Notes:

(i) On 12 April 2023, the Company increased its authorised share capital from 400,000,000 shares into 900,000,000 shares.

(ii) On 30 June 2023, an order confirming the Capital reduction and the minute approved by the Court from Cayman Islands containing the particulars required under the Companies Act with respect to the Capital reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands. The nominal value of each of the Company's issued share was reduced from HK$0.5 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.49 on each issued share and the existing issued share capital of HK$80,001,000 was reduced by approximately HK$78,401,000 to approximately HK$1,600,000 comprising 160,001,378 shares of HK$0.01 each with effect from 6 July 2023.

As a result, (i) an amount of approximately HK$52,060,000 share premium was reduced; (ii) an amount of approximately HK$93,805,000 was credited to accumulated losses; and (iii) the balance of approximately HK$36,656,000 was credited to capital reserve on 6 July 2023.

Upon the completion of capital reduction effective on 6 July 2023, the number of authorised shares of the Company was increased from 900,000,000 ordinary shares of HK$0.5 each to 45,000,000,000 ordinary shares of HK$0.01 each. Each share ranks pari passu in all respects.

(iii) On 3 August 2023, the Company issued 240,002,067 ordinary shares upon completion of the rights issue on the basis of 3 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK$0.147 per rights share. The net proceeds after deducting related expenses of approximately HK$867,000 were approximately HK$34,413,000.

(iv) On 8 February 2024, the Company issued 80,000,000 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six places at the placing price of HK$0.176 per placing share. The net proceeds after deducting related expenses of approximately HK$573,000 were approximately HK$13,507,000.

(v) On 20 November 2024, the Company issued 60,123,934 ordinary shares upon completion of the rights issue on the basis of 1 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK$0.1 per rights share. The net proceeds after deducting related expenses of approximately HK$250,000 were approximately HK$5,762,000.

(vi) On 20 November 2024, the Company issued 179,860,000 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six places at the placing price of HK$0.1 per placing share. The net proceeds after deducting related expenses of approximately HK$630,000 were approximately HK$17,356,000.

## 33. SHARE CAPITAL (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by total equity. Total debt comprises lease liabilities and bank borrowings. Adjusted capital comprises all components of equity, retained earnings and other reserves except for non-controlling interests.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings. As at 31 March 2025, 93.35% (2024: 90.03%) of the shares were in public hands.

The debt-to-adjusted capital ratios at 31 March 2025 and at 31 March 2024 were as follows:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Lease liabilities | **1,063** | 2,955 |
| Bank borrowings | **206** | 1,077 |
| Less: cash and cash equivalents | **(13,597)** | (41,512) |
| Net (cash)/debts | **(12,328)** | (37,480) |
| Adjusted capital | **115,526** | 123,381 |
| Debt-to-adjusted capital ratio | **N/A*** | N/A* |

* As at 31 March 2025, bank and cash equivalents amounted to approximately HK$13,597,000 (2024: HK$41,512,000), which exceed total debt of approximately HK$12,328,000 (2024: HK$37,480,000). Accordingly, there was no net debt at 31 March 2025 and 2024 and calculation of debt-to-equity ratio at 31 March 2025 and 2024 is not meaningful.

## 34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

### (a) Statement of financial position of the Company

| | Note | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets at FVTOCI | | **3,617** | – |
| Investment in subsidiaries | | **11,001** | 11,001 |
| | | **14,618** | 11,001 |
| **Current assets** | | | |
| Prepayment | | **9,402** | 2,625 |
| Debt investments | | **2,682** | 2,550 |
| Held for trading securities | | **12,654** | 9,061 |
| Due from subsidiaries | | **44,855** | 19,711 |
| Bank and cash balances | | **1,681** | 24,739 |
| | | **71,274** | 58,686 |
| **Current liabilities** | | | |
| Due to a subsidiary | | **1** | 1 |
| Accruals | | **485** | 488 |
| | | **486** | 489 |
| **Net current assets** | | **70,788** | 58,197 |
| **NET ASSETS** | | **85,406** | 69,198 |
| **Capital and reserves** | | | |
| Share capital | 33 | **7,200** | 4,800 |
| Reserves | 34(b) | **78,206** | 64,398 |
| **TOTAL EQUITY** | | **85,406** | 69,198 |

Approved by the Board of Directors on 23 June 2025 and are signed on its behalf by:

**Ms. Liu Ching Man**
*Executive Director*

**Mr. He Dingding**
*Independent non-executive Director*

## 34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (b) Reserve movement of the Company

| | Share premium HK$'000 (note 35(b)(i)) | Financial assets at FVOCI reserve HK$'000 | Capital Reserve HK$'000 (note 35(b)(iv)) | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| As at 1 April 2023 | 52,060 | – | – | (121,862) | (69,802) |
| Capital reduction, share premium reduction and share sub-division (note 33(ii)) | (52,060) | – | 36,656 | 93,805 | 78,401 |
| Issuance of shares upon rights issue (note 33(iii)) | 32,880 | – | – | – | 32,880 |
| Transaction costs on issuance of shares upon rights issue (note 33(iii)) | (867) | – | – | – | (867) |
| Issuance of shares upon placing (note 33(iv)) | 13,280 | – | – | – | 13,280 |
| Transaction costs on issuance of shares upon placing (note 33(iv)) | (573) | – | – | – | (573) |
| Total comprehensive income for the year | – | – | – | 11,079 | 11,079 |
| Change in the equity for the year | (7,340) | – | 36,656 | 104,884 | 134,200 |
| As at 31 March 2024 and 1 April 2024 | **44,720** | **–** | **36,656** | **(16,978)** | **64,398** |
| Issuance of shares upon rights issue (note 33(v)) | **5,411** | **–** | **–** | **–** | **5,411** |
| Transaction costs on issuance of shares upon rights issue (note 33(v)) | **(250)** | **–** | **–** | **–** | **(250)** |
| Issuance of shares upon placing (note 33(vi)) | **16,187** | **–** | **–** | **–** | **16,187** |
| Transaction costs on issuance of shares upon placing (note 33(vi)) | **(630)** | **–** | **–** | **–** | **(630)** |
| Total comprehensive income for the year | **–** | **152** | **–** | **(7,062)** | **(6,910)** |
| Change in the equity for the year | **20,718** | **152** | **–** | **(7,062)** | **13,808** |
| As at 31 March 2025 | **65,438** | **152** | **36,656** | **(24,040)** | **78,206** |

## 35. RESERVES

### (a) Reserves of the Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Nature and purpose of reserves

#### (i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

#### (ii) Merger reserve

The merger reserve represented the aggregate of paid-in capital of Triangular Force, TMP Machinery and Longson, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK$1 each respectively.

#### (iii) Financial assets at FVTOCI reserve

The financial assets at reserve comprises the cumulative net change in the fair value of financial assets as held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(h) to the consolidated financial statements.

#### (iv) Capital reserve

The capital reserve represents the capital reduction, share premium reduction and share sub-division of the Company on 5 July 2023.

## 36. SHARE-BASE PAYMENTS

### Equity-settled share option scheme

The Company adopted a share option scheme which became effective on 22 September 2017 (the "**Old Share Option Scheme**") and, unless otherwise cancelled or amended, would remain in force for 10 years from that date. The Old Share Option Scheme was terminated and a new share option scheme (the "**New Share Option Scheme**") was adopted on 25 April 2024 (the "**Adoption Date**") as approved by the shareholders of the Company (the "**Shareholders**") by way of poll. Subject to the terms therein, the New Share Option Scheme shall remain in force for the 10 years from the Adoption Date, after such period no further share options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any share options granted before its expiry or termination but not yet exercised.

The purpose of the New Share Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives and/or rewards for their contribution or potential contribution to the Company. Eligible participants include directors and employees (full-time or part-time) of the Company or any of its subsidiaries who in the sole discretion of the Board has contributed or will contribute to the Group.

## 36. SHARE-BASE PAYMENTS (Continued)

### Equity-settled share option scheme (Continued)

The maximum number of shares of the Company in respect of which options may be granted under the New Share Option Scheme and any other schemes of the Company shall not, in aggregate, exceed 48,000,344 shares (representing 10% of the shares in issue as at the Adoption Date), unless otherwise approved by the Shareholders. The maximum number of Shares issuable to each eligible participant under the New Share Option Scheme within any 12-month period is limited to 1% of the shares in issue at any time, and any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting. No service provider sublimit had been adopted under the New Share Option Scheme.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period (which is usually not less than 12 months) and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the New Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the shares of the Company on the Stock Exchange on the date of the offer of the share options; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (c) the nominal value of the Shares on the date of the offer.

As at 31 March 2025, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the New Share Option Scheme.

## 37. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

Additions to right-of-use assets during the year of HK$273,000 (2024: Nil) were financed by lease liabilities.

### (b) 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.

| | 1 April 2024 HK$'000 | Entering new leases HK$'000 | Cash flows HK$'000 | Interest expenses HK$'000 | 31 March 2025 HK$'000 |
|---|---|---|---|---|---|
| Bank borrowings (note 30) | 1,077 | – | (904) | 33 | 206 |
| Lease liabilities (note 31) | 2,955 | 273 | (2,634) | 469 | 1,063 |
| | 4,032 | 273 | (3,538) | 502 | 1,269 |

## 37. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

### (b) Reconciliation of liabilities arising from financing activities (Continued)

| | 1 April 2023 HK$'000 | Decease in lease liabilities from early termination HK$'000 | Cash flows HK$'000 | Interest expenses HK$'000 | 31 March 2024 HK$'000 |
|---|---|---|---|---|---|
| Bank borrowings (note 30) | 1,862 | – | (843) | 58 | 1,077 |
| Lease liabilities (note 31) | 5,608 | (285) | (2,828) | 460 | 2,955 |
| | 7,470 | (285) | (3,671) | 518 | 4,032 |

### (c) Total cash outflow for leases

| | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|
| Within operating cash flows | **422** | 216 |
| Within financing cash flows | **2,634** | 2,828 |
| | **3,056** | 3,044 |

These amounts relate to the following:

| | **2025 HK$'000** | 2024 HK$'000 |
|---|---|---|
| Lease rental paid | **3,056** | 3,044 |

## 38. CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any significant contractual and capital commitments.

## 39. LEASE COMMITMENTS

### The Group as lessee

The Group regularly entered into short-term leases for offices. As at 31 March 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 18, and the outstanding lease commitments relating to short-term leases for offices is HK$288,000 (2024: HK$312,000).

## 40. RELATED PARTY TRANSACTIONS

(a) The remuneration of directors and other members of key management during the year were as follow:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Short term benefits | **2,070** | 2,515 |
| Retirements benefit scheme contribution | **36** | 36 |
| | **2,106** | 2,551 |

## 41. CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap.282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risk insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites.

During the year ended 31 March 2025, an indirectly owned subsidiary of the Company has been involved in a dispute with a potential claim relating to the breach of contract. The related maximum exposure of the claims is approximately HK$15,050,000. As at 31 March 2025, no court or arbitration proceedings have been commenced. After considering the current status of the dispute and the opinion from the legal counsels, the Directors of the Company were of the view that no provision should be recognised as at 31 March 2025.

Save as disclosed herein, the Group had no other significant contingent liabilities as at 31 March 2025.

## 42. EVENT AFTER THE REPORTING PERIOD

On 7 January 2025, The Group entered into a brand cooperation agreement to expand the TEADAYE tea beverage brand into Southeast Asia. On 13 May 2025, it signed another agreement to open new TEADAYE stores in Hong Kong. These initiatives reflect The Group's strategic expansion into regional markets with a focus on health-conscious tea beverages.

The Group expects these collaborations to enhance its presence in key markets and contribute positively to long-term revenue growth through increased brand visibility and consumer engagement.

# Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below.

| | **2025** | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| RESULTS | | | | | |
| REVENUE | **158,547** | 139,969 | 135,099 | 146,737 | 141,791 |
| (LOSS)/PROFIT BEFORE TAX | **(30,270)** | 7,127 | (27,886) | (42,331) | (14,466) |
| INCOME TAX (EXPENSE)/CREDIT | **(881)** | 490 | 797 | 4,535 | (248) |
| (LOSS)/PROFIT FOR THE YEAR | **(31,151)** | 7,617 | (27,089) | (37,796) | (14,714) |
| ASSETS AND LIABILITIES | | | | | |
| NON-CURRENT ASSETS | **27,605** | 47,446 | 65,163 | 56,055 | 56,012 |
| NET CURRENT ASSETS | **87,970** | 76,858 | 10,324 | 111 | 10,885 |
| NON-CURRENT LIABILITIES | **(49)** | (923) | (3,197) | (5,640) | (12,131) |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | **115,526** | 123,381 | 72,622 | 50,526 | 54,766 |