CHI HO DEVELOPMENT HOLDINGS LIMITED

滙隆控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8423)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

The board (the "**Board**") of directors (the "**Directors**") of Chi Ho Development Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 March 2025. This announcement, containing the full text of the annual report of the Company for the year ended 31 March 2025, 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 the preliminary announcement of annual results.

By order of the Board
Chi Ho Development Holdings Limited
Leung Ka Ho, Raymond
Chairman of the Board and Executive Director

Hong Kong, 27 June 2025

As at the date of this announcement, the executive Directors are Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan; and the independent non-executive Directors are Ms. Ho Wing Shan, Mr. Leung Hung Kwong, Derrick, Mr. Moy Yee Wo, Matthew and Mr. Yau Sze Yeung.

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 Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the Company's website at www.chdev.com.hk.

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.

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

*This annual report, for which the directors (collectively the "**Directors**" and each the "**Director**") of Chi Ho Development Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**", "**we**", "**our**" or "**us**") 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 annual 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 annual report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Ka Ho, Raymond *(Chairman)*
Mr. Ho Chi Kwan

Independent non-executive Directors

Ms. Ho Wing Shan *(appointed with effect from 2 December 2024)*
Mr. Leung Hung Kwong, Derrick
Mr. Moy Yee Wo, Matthew
Mr. Yau Sze Yeung

COMPANY SECRETARY

Mr. Chung Kiu Pan

AUTHORISED REPRESENTATIVES

Mr. Leung Ka Ho, Raymond
Mr. Chung Kiu Pan

AUDIT COMMITTEE

Mr. Yau Sze Yeung *(Chairman)*
Mr. Moy Yee Wo, Matthew
Mr. Leung Hung Kwong, Derrick

REMUNERATION COMMITTEE

Mr. Leung Hung Kwong, Derrick *(Chairman)*
Mr. Moy Yee Wo, Matthew
Mr. Yau Sze Yeung

NOMINATION COMMITTEE

Mr. Moy Yee Wo, Matthew *(Chairman)*
Ms. Ho Wing Shan *(appointed with effect from 2 December 2024)*
Mr. Leung Hung Kwong, Derrick
Mr. Yau Sze Yeung

SAFETY COMPLIANCE COMMITTEE

Mr. Leung Hung Kwong, Derrick *(Chairman)*
Mr. Leung Ka Ho, Raymond
Mr. Ho Chi Kwan

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law:
ONC Lawyers
19th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 901, 902 and 908, 9/F, Magnet Place Tower 1
77–81 Container Port Road
Kwai Chung
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE ADDRESS

www.chdev.com.hk

STOCK CODE

8423

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of the Company, it is my pleasure to present the annual report of the Company for the year ended 31 March 2025.

RESULTS

For the year ended 31 March 2025, the Group recorded an increase in revenue of approximately HK$144.6 million or 41.0%, from approximately HK$352.9 million for the year ended 31 March 2024 to approximately HK$497.5 million. However, the loss attributable to owners of the Company for the year ended 31 March 2025 amounted to HK$12.3 million, as compared to the profit attributable to owners of the Company of approximately HK$10.1 million for the year ended 31 March 2024.

The loss for the year for the year ended 31 March 2025 was primarily driven by an impairment loss of approximately HK$16.2 million recognised in respect of the Group's interest in a joint venture, primarily attributable to the weakened Hong Kong property market. This impairment reflects a decline in the fair value of a property under development held by the joint venture. Excluding the effect of this non-recurring impairment loss, the Group would have recorded a profit (non-HKFRS measure) of approximately HK$3.9 million for the year. Notwithstanding such impairment loss, the Group's core business remains solid for the year ended 31 March 2025.

BUSINESS REVIEW AND PROSPECT

During the year under review, there were many uncertainties and challenges in the economy and property market of Hong Kong. However, we are positive that the Hong Kong economy will eventually and gradually recover from which the Group will benefit from. With the leadership of our professional team and employees working constructively together, we remain cautiously optimistic about the Group's overall business prospects.

To optimise our competitive advantages, we will continue to provide integrated service of (i) new capital works; (ii) site formation and geotechnical works; (iii) renovation and maintenance works; (iv) alteration and addition works; and (v) fitting-out works to our customers. We also engage in property investment in Hong Kong. We believe that our proven track record and the experience from various types of projects will provide a wide range of quality and professional services to our customers, potential customers and enable us to react to the changing needs of our customers more efficiently and effectively.

Looking ahead, our building renovation and construction business will continuously be operated in a stable and efficient way, which will further enhance our construction record and reputation. Meanwhile, we will also cautiously diversify our resources into different businesses by participating in the property development segment and other segments in the construction industry which we believe have the potential to grow. For instance, currently we own a commercial redevelopment site located in Tsim Sha Tsui through a joint venture company. It is aimed to construct a new building to diversify the Group's portfolio and expand the Group's customer base through these strategic initiatives.

A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, business partners, customers and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff for their commitment and contribution throughout the years.

Leung Ka Ho, Raymond
Chairman

Hong Kong, 27 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established main contractor for the provision of (i) new capital works; (ii) site formation and geotechnical works; (iii) renovation and maintenance works; (iv) alteration and addition works; and (v) fitting-out works in Hong Kong. As a main contractor, the Group is responsible for the overall management, implementation and supervision of projects. The Group focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and the environmental, safety and quality control of the works carried by the employees and the subcontractors. The Group also engages in property investment in Hong Kong and earns rental income.

In respect of renovation and maintenance works, the Group encompasses the general upkeep, restoration and improvement of existing facilities and components of the buildings and their surroundings. As for alteration and addition works and fitting-out works, the Group revolves around the alteration and addition of building layout and structural works and decoration works to the interior spaces to the existing premises.

During the year ended 31 March 2025, the Group undertook 48 projects (2024: 63 projects) contributing to revenue. During the same period, the Group was awarded 9 (2024: 24) new projects, with a total original contract sum of approximately HK$59.0 million (2024: approximately HK$679.4 million). As at 31 March 2025, the Group's project backlog amounted to approximately HK$386.9 million (2024: HK$808.6 million). The decrease in new projects awarded during the year ended 31 March 2025 compared to that during the year ended 31 March 2024 was primarily attributable to (i) the substantial project backlog as at 31 March 2024, which required the Group to devote significant resource to complete, and (ii) the weakened property and economic market conditions in Hong Kong during the year, resulting in reduced demand for renovation and maintenance services.

The Directors consider that future opportunities and challenges facing the Group will continue to be affected by the progress of recovery of Hong Kong economy, which in turn affects the development of the construction industry in Hong Kong as well as labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the Hong Kong renovation and maintenance, alteration and addition works ("**RMAA**") and fitting-out sector. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to strengthen the market position in the industry and expand the market share. In 2023, the Group completed the acquisition of 50% of the issued share capital of Acasa Property Limited ("**Acasa**"), and Acasa became a joint venture company of the Group. K18 Property Limited ("**K18**"), being a wholly owned subsidiary of Acasa, wholly owns a piece of land located in Kimberley Street (the "**Property**"), in which the Group participates in the redevelopment of the Property and the construction of a new building to be erected on the Property. The Board believes that this underlines the Group's credentials to undertake more sizeable construction projects and to broaden the Group's customer base. Going forward, the Group will continue to explore business and investment opportunities to further strengthen the Group's income stream and to enhance the Group in obtaining more sizeable projects. In this regard, the Group may consider whether any acquisitions, business rationalisation, fund raising and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK$352.9 million for the year ended 31 March 2024 to approximately HK$497.5 million for the year ended 31 March 2025, representing an increase of approximately 41.0%. Such increase was mainly attributable to the increase in revenue from RMAA and fitting-out works, primarily driven by the ongoing recovery of Hong Kong economy.

For the year ended 31 March 2025, the Group recognised revenue from property leasing of approximately HK$0.4 million (2024: HK$0.4 million).

Cost of sales

Our cost of sales increased from approximately HK$312.4 million for the year ended 31 March 2024 to approximately HK$465.9 million for the year ended 31 March 2025, representing an increase of approximately HK$153.5 million or 49.1%. Such increase was mainly attributable to the increase in the subcontracting charges in respect of RMAA works and fitting-out works, site formation and geotechnical works and new capital works undertaken by the Group during the year.

Gross profit

Our gross profit decreased by approximately HK$8.9 million or 22.0% from approximately HK$40.5 million for the year ended 31 March 2024 to approximately HK$31.6 million for the year ended 31 March 2025. The overall gross profit margin decreased from 11.5% for the year ended 31 March 2024 to 6.3% for the year ended 31 March 2025 mainly driven by the lower gross margin of a few projects undertaken during the year ended 31 March 2025.

Other income

Our other income increased by approximately HK$2.2 million from approximately HK$1.0 million for the year ended 31 March 2024 to approximately HK$3.2 million for the year ended 31 March 2025. Other income for the year ended 31 March 2025 and 2024 primarily comprised the interest income received from the loan to a joint venture.

Allowance recognised under expected credit loss model, net of reversal

Our impairment losses under expected credit loss model increased by appropriately HK$0.5 million from approximately HK$4.2 million for the year ended 31 March 2024 to approximately HK$4.7 million for the year ended 31 March 2025. Such increase was mainly driven by the increase in net impairment losses on trade receivables and contract assets.

Allowance recognised under expected credit loss model on loan to a joint venture

For the year ended 31 March 2025, the Group recognised an allowance under expected credit loss model of approximately HK$16.2 million in respect of the Group's interest in a joint venture (2024: nil). This impairment loss arose primarily due to the weakened Hong Kong property market, which led to a reduced valuation of the property under development held by the joint venture, K18. The valuation report prepared by an independent qualified professional valuer indicated that the fair value of the property was lower than its carrying amount, this resulted in the recognition of an impairment loss on the Group's interest in the joint venture.

Administrative expenses

Our administrative expenses primarily comprised staff costs, audit fee and other professional costs in relation to the compliance with the GEM Listing Rules. Administrative expenses of the Group decreased slightly by approximately HK$0.3 million from approximately HK$21.5 million for the year ended 31 March 2024 to approximately HK$21.2 million for the year ended 31 March 2025.

Finance costs

Finance costs increased by approximately HK$0.8 million from approximately HK$4.1 million for the year ended 31 March 2024 to approximately HK$4.9 million for the year ended 31 March 2025 due to the increase in the interest rate of the bank borrowings.

Income tax credit (expense)

The Group recorded income tax credit of approximately HK$0.1 million for the year ended 31 March 2025, as compared with the income tax expense of approximately HK$1.3 million for the year ended 31 March 2024. Such change was the result of (i) the decrease in adjusted profit before tax of approximately HK$3.8 million (excluding the impairment loss of interest in a joint venture which is a non-deductible expense) for the year ended 31 March 2025 from the profit before tax of approximately HK$11.4 million for the year ended 31 March 2024, and (ii) recognition of deferred tax assets.

(Loss) profit the year attributable to the owners of the Company

The Group recorded a loss for the year attributable to the owners of the Company of approximately HK$12.3 million for the year ended 31 March 2025, as compared with the profit for the year attributable to the owners of the Company of approximately HK$10.1 million for the year ended 31 March 2024.

Such change was primarily attributable to (i) the decrease in gross profit; and (ii) the recognition of an allowance under expected credit loss model on loan to a joint venture.

DIVIDENDS

The Board has resolved not to recommend the declaration of a final dividend for the year ended 31 March 2025 (2024: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio remained relatively stable at approximately 1.3 and 1.4 times as at 31 March 2025 and 2024, respectively.

As at 31 March 2025, the Group had bank balances and cash of approximately HK$25.7 million (2024: HK$22.5 million).

As at 31 March 2025, the Group had bank borrowings of approximately HK$95.8 million (2024: HK$96.1 million) and a loan from a substantial shareholder of approximately HK$6.5 million (2024: nil). The gearing ratio, which is calculated based on the total borrowings and lease liabilities divided by total equity at the end of the year and multiplied by 100%, increased to approximately 71.7% as at 31 March 2025 from approximately 63.1% as at 31 March 2024, mainly due to increase in a loan from a substantial shareholder. The Group's financial position remained solid. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were successfully listed on GEM of the Stock Exchange on 13 March 2017 (the "**Listing**"). There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares.

As at 31 March 2025, the Company's issued share capital was HK$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

COMMITMENTS

As at 31 March 2024, the Group had commitment to provide shareholder's loan to the joint venture (i.e. Acasa) of approximately HK$20.4 million (2025: nil). According to the joint venture agreement the Group has entered into, the Group has committed to provide shareholders' loans to Acasa amounting to HK$40 million during the course of the redevelopment project of the Property.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 5 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, as at 31 March 2025, the Group did not have other plans for material investments or capital assets.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group's significant investments comprised investment property, interest in a joint venture and financial asset at fair value through profit or loss.

Investment property

The following table sets forth the cost, fair value and size relative to the Group's total assets as at the dates indicated:

	As at 31 March 2025			As at 31 March 2024		
Investment property	**Cost HK$000**	**Fair value HK$000**	**Percentage to the Group's total assets**	Cost HK$000	Fair value HK$000	Percentage to the Group's total assets
Office unit in Hong Kong (Note 1)	**8,100**	**7,800**	**2.1%**	8,100	8,000	2.0%

Note 1: As disclosed in the Company's announcement dated 19 November 2021, the Company moved to the current head office and principal place of business with effect from 19 November 2021. Following this move, the Group reclassified its former head office from property, plant and equipment to investment property during the year ended 31 March 2022.

The Group measures the investment property at fair value. For details, please refer to note 17 to the consolidated financial statements.

The Group's investment strategy is to utilise its former head office by earning rental income and capital appreciation from the investment property.

Interest in a joint venture

The following table sets forth the investment cost, share of post-acquisition profits and other comprehensive income and dividend received during the year, the carrying amount and size relative to the Group's total assets as at the dates indicated:

	As at 31 March 2025						As at 31 March 2024					
Joint venture	**Investment cost HK$'000**	**Share of post-acquisition profits and other comprehensive income during the year HK$'000**	**Dividend received during the year HK$'000**	**Loan to the joint venture HK$'000**	**Carrying amount HK$'000**	**Percentage to the Group's total assets**	Investment cost HK$'000	Share of post-acquisition profits and other comprehensive income during the year HK$'000	Dividend received during the year HK$'000	Loan to the joint venture HK$'000	Carrying amount HK$'000	Percentage to the Group's total assets
Acasa (Note 2)	**-***	**-**	**-**	**35,342 (Note 3)**	**35,342**	**9.3%**	–*	–	–	19,640	19,640	4.9%

* The amount is below HK$1,000.

Note 2: As disclosed in the Company's announcement dated 8 August 2022, on 8 August 2022, the Group acquired 25% of the issued share capital of Acasa. Furthermore, as disclosed in the Company's announcement dated 19 January 2023, on 19 January 2023, the Group has completed the acquisition of an additional 25% of the issued share capital of Acasa and Acasa became a joint venture company owned as to 50% by the Group. K18, being a wholly owned subsidiary of Acasa, wholly owns the Property. Acasa is an investment holding company and K18 is a property holding company.

As at 31 March 2025, Acasa had 8,000 ordinary shares in issue. Of which, 4,000 ordinary shares were held by the Group.

The Group accounts for interest in a joint venture using equity method of accounting. For details, please refer to note 18 to the consolidated financial statements.

Note 3: The amount is after an impairment loss of HK$16,150,000 recognised during the year ended 31 March 2025.

The Group's investment strategy is to invest in Acasa and to participate in the redevelopment of the Property and the construction of a new building to be erected on the Property, and thereby to broaden the Group's customer base.

Financial asset at fair value through profit or loss

The following table sets forth the original cost, change in fair value during the year, carrying amount and size relative to the Group's total assets as at the dates indicated:

	As at 31 March 2025				As at 31 March 2024			
Financial asset at fair value through profit or loss	**Original cost HK'000**	**Change in fair value during the year HK'000**	**Carrying amount HK'000**	**Percentage to the Group's total assets**	Original cost HK'000	Change in fair value during the year HK'000	Carrying amount HK'000	Percentage to the Group's total assets
Financial asset at fair value through profit or loss (Note 4)	**18,527**	**(649)**	**16,036**	**4.2%**	18,527	(1,435)	16,685	4.2%

Note 4: As disclosed in the Company's announcement dated 20 May 2022, the Company entered into a life insurance policy with HSBC Life (International) Limited in respect of Mr. Chung Kiu Pan (the chief financial officer of the Group). An initial single premium of approximately US$1,276,000 (equivalent to approximately HK$10,027,000) was placed thereunder. The death benefit is US$6,100,000 (equivalent to approximately HK$47,580,000), and the beneficiary and policy holder of the life insurance policy is the Company's subsidiary, namely Fulam Construction Engineering Company Limited.

As disclosed in the Company's announcement dated 2 June 2023, the Company entered into a life insurance policy with HSBC Life (International) Limited in respect of Mr. Ho Chi Kwan (the executive Director of the Group). An initial single premium of approximately US$1,085,000 (equivalent to approximately HK$8,500,000) was placed thereunder. The death benefit is US$3,100,000 (equivalent to approximately HK$24,180,000), and the beneficiary and policy holder of the life insurance policy is the Company's subsidiary, namely Fulam Construction Engineering Company Limited.

The Group measures deposit paid for a life insurance policy at fair value which is classified as financial asset at fair value through profit or loss. For details, please refer to note 19 to the consolidated financial statements.

The Group's investment strategy is to insure against the risk of death of Mr. Ho and Mr. Chung having considered their respective position in the Group as executive Director and chief financial officer, which may have substantial impact to the management of the Group. In addition, the Company also considered that the amount of death benefit receivable in the event of the insured person's death under the life insurance policy is substantially higher than the premium paid.

Save as disclosed in this annual report, the Group did not hold other significant investments and did not have other material acquisitions and disposals of subsidiaries and affiliated companies as at and during the year ended 31 March 2025.

CONTINGENT LIABILITIES

As disclosed in the Company's announcement dated 19 January 2023, on 19 January 2023 Nanyang Commercial Bank Limited as the lender, K18 as the borrower, and the Company and the joint venture partner of Acasa as joint and several guarantors entered into a funding undertaking pursuant to which the Company and the joint venture partner of Acasa have undertaken to provide guarantee for the 36-month term loan facilities up to a maximum gross principal amount of HK$154 million provided by the lender to K18 for the development of the Property.

Save as disclosed in this annual report, as at 31 March 2025 and 2024, the Group did not have other material contingent liabilities.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in HK$. The Directors consider the impact of foreign exchange exposure to the Group is minimal. Currently, the Group does not have a foreign currency hedging policy. However, the Group manages the risk by closely monitoring the movements of the foreign currency rate and would consider hedging against significant foreign currency exposure as and when necessary.

CHARGE OF GROUP'S ASSETS

As at 31 March 2025, the Group's pledged certain assets to banks in order to secure bank loans and general banking facilities granted by these banks as disclosed in note 36 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed a total of 77 employees (2024: 67 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$37.3 million for the year ended 31 March 2025 (2024: approximately HK$29.3 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

RETIREMENT BENEFIT SCHEME

The Group participates in a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contributions (by the Group on behalf of employees who leave the defined contribution plans prior to vesting fully in such contributions) can be used by the Group to reduce the existing level of contributions.

The total retirement benefit scheme contributions made by the Group amounted to approximately HK$1.2 million for the year ended 31 March 2025 (2024: HK$0.9 million).

SURETY BONDS

As at 31 March 2025, the Group had surety bonds of approximately HK$91.6 million (2024: approximately HK$106.7 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The surety bonds will be released upon completion of the contracts.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises that transparency and accountability are the cornerstones of the Company's corporate governance. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules. The Directors will continue to review its corporate governance practices for the need to enhance its corporate governance standard, to comply with the increasingly stringent requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

In the opinion of the Board, the Company has in all material respects complied with the CG Code for the year ended 31 March 2025, except for the deviation of paragraph C.2.1 of part 2 of the CG Code, which is explained in the paragraph below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the paragraph C.2.1 of part 2 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Leung Ka Ho, Raymond currently assumes the role of both chairman of the Board and chief executive officer of the Company. Considering that Mr. Leung Ka Ho, Raymond has been operating and managing the Group since 2002, the Board believes that it is in the best interest of the Group to have Mr. Leung Ka Ho, Raymond taking up both roles for effective management and business development. It provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Leung Ka Ho, Raymond. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Leung Ka Ho, Raymond is the most suitable person to occupy both positions for effective management of the Group. Therefore, the Board considers that the deviation from paragraph C.2.1 of part 2 of the CG Code is appropriate in such circumstance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**"). Having made specific enquiries of all the Directors, the Company confirms that all the Directors have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions throughout the year ended 31 March 2025.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at 31 March 2025, the Board comprised six Directors, including two executive Directors, namely Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan, and four independent non-executive Directors, namely Ms. Ho Wing Shan, Mr. Leung Hung Kwong, Derrick, Mr. Moy Yee Wo, Matthew and Mr. Yau Sze Yeung.

Mr. Leung Ka Ho, Raymond is the chairman (the "**Chairman**") of the Board.

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Safety Compliance Committee (as defined below).

As at 31 March 2025, the Board had four independent non-executive Directors, which exceeds the minimum requirements under Rule 5.05(1) of the GEM Listing Rules. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules.

The Company has received from each independent non-executive Directors an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore the Company considers each of them to be independent under the independent guideline of Rule 5.09 of the GEM Listing Rules. In addition, the Company appointed a female Director, namely Ms. Ho Wing Shan, with effect from 2 December 2024, and is in compliance with Rule 17.104 of the GEM Listing Rules.

As at 31 March 2025, no independent non-executive Director had served more than nine years on the Board.

The biographical details of the Directors and other senior management are set out in the section headed with "Biographical Details of Directors and Senior Management" in this annual report. Save as disclosed under the paragraph headed "Chairman and Chief Executive Officer" in this report and in the section headed "Biographical Details of the Directors and Senior Management" in this annual report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") with a summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, cultural background and educational background, ethnicity, professional experience and qualifications, skills and length of services, and any other factors that the Board may consider relevant and applicable from time to time. Selection of candidates will be based on the Company's nomination policy and will take into account this policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. As at the date of this annual report, the Board had one female Board member (i.e. Ms. Ho Wing Shan), in which case the Board considered gender diversity of the Board has been achieved. The Board may in the future invite further female to join the Board as appropriate. The Board also aspires to having an appropriate proportion of Directors with direct experience in the Group's core markets from different ethnic backgrounds and in line with the Group's strategy.

The Nomination Committee would review the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Board Diversity Policy and its implementation was sufficient and effective during the year ended 31 March 2025.

Board Diversity

The Company is conscious of maintaining Board diversity as an essential element in attaining its strategic objectives and achieving sustainable and balanced development for the Company. The Board currently comprises five male directors and one female director. The Nomination Committee, after considering the external industry and business talent profile as well as the internal employees' performance, career planning and the Company's succession plan, has set a target of maintaining at least one female director on the Board. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Independent non-executive Directors

As at 31 March 2025, the Company has four independent non-executive Directors which represent at least one-third of the Board members, and that at least one of the independent non-executive Directors, namely Mr. Yau Sze Yeung, has appropriate professional qualifications or accounting or related financial management expertise. The Company has complied with Rules 5.05 and 5.05A of the GEM Listing Rules.

The independent non-executive Directors bring a wide spectrum of business and financial expertise, experience and independent judgment to the Board for its efficient and effective functioning. They are invited to serve on the Board committees of the Company. Through active participation at Board and Board committees meetings, taking the lead in managing issues involving potential conflict of interests, all independent non-executive Directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

WORKFORCE DIVERSITY

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 March 2025, the Group had a total of 74 staff members (including members of the senior management and Directors). The gender composition of the staff members (including members of the senior management and Directors) was approximately 53% male staff members and 47% female staff members.

The Board considered that gender diversity of the workforce of the Group has been well maintained during the year ended 31 March 2025. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

BOARD MEETING, GENERAL MEETING AND PROCEDURES

The Board is scheduled to meet in person or through other electronic means of communication at least four times a year to, among other matters, review financial and operating performance and discuss the Group's direction and strategy. During the year ended 31 March 2025, four Board meetings were held. The attendance record of each Director at the Board meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Leung Ka Ho, Raymond *(Chairman)*	4/4
Mr. Ho Chi Kwan	4/4
Independent non-executive Directors	
Ms. Ho Wing Shan (Note)	0/0
Mr. Leung Hung Kwong, Derrick	4/4
Mr. Moy Yee Wo, Matthew	4/4
Mr. Yau Sze Yeung	4/4

Note: Ms. Ho Wing Shan was appointed with effect from 2 December 2024. No Board meeting was held since the date of her appointment and up to 31 March 2025.

During the year ended 31 March 2025, an annual general meeting ("**2024 AGM**") of the Company was held on 25 July 2024, respectively. The attendance record of each Director at the 2024 AGM is set out in the table below:

Name of Directors	Number of attendance 2024 AGM
Mr. Leung Ka Ho, Raymond *(Chairman)*	1/1
Mr. Ho Chi Kwan	1/1
Ms. Ho Wing Shan (Note)	0/0
Mr. Leung Hung Kwong, Derrick	1/1
Mr. Moy Yee Wo, Matthew	1/1
Mr. Yau Sze Yeung	1/1

Note: Ms. Ho Wing Shan was appointed with effect from 2 December 2024, which was after the 2024 AGM.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "**Articles**") provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each Independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his/her independence.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills.

According to the training record maintained by the Company, during the year ended 31 March 2025, all Directors have complied with the paragraph C.1.4 of part 2 of the CG Code by participating in sufficient relevant continuous professional development in the following manner:

Name of Directors	Type of trainings
Executive Directors	
Mr. Leung Ka Ho, Raymond	i, ii
Mr. Ho Chi Kwan	i, ii
Independent non-executive Directors	
Ms. Ho Wing Shan *(appointed with effect from 2 December 2024)*	i, ii
Mr. Leung Hung Kwong, Derrick	i, ii
Mr. Moy Yee Wo, Matthew	i, ii
Mr. Yau Sze Yeung	i, ii

i. reading journals and newspaper updates on corporate governance and directors' duties and responsibility.

ii. attending training/webinars/seminars/conferences organised by the professional firms/organisations.

BOARD COMMITTEES

The Board has established four board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the safety compliance committee (the "**Safety Compliance Committee**").

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraphs D.3.3 and D.3.7 of part 2 of the CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yau Sze Yeung, Mr. Leung Hung Kwong, Derrick and Mr. Moy Yee Wo, Matthew. The chairman of the Audit Committee is Mr. Yau Sze Yeung, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee is mainly responsible for the following:

(a) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure coordination where more than one audit firm is involved;

(c) monitor the integrity of the Company's annual report, interim financial reports and quarterly reports before submission to the Board, and focus particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting.

(d) Oversight of the Company's financial reporting system, risk management and internal control systems:

  (i) reviewing the Company's financial controls, accounting policies and the risk management and internal control systems;

  (ii) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

  (iii) where an internal audit function exists, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

  (iv) reviewing the external auditor's management letter and management's response;

  (v) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter.

During the year ended 31 March 2025, two Audit Committee meetings were held. The attendance record of each Director at the Audit Committee meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Audit Committee meetings
Mr. Yau Sze Yeung *(Chairman)*	2/2
Mr. Leung Hung Kwong, Derrick	2/2
Mr. Moy Yee Wo, Matthew	2/2

There is no disagreement between the Board and the Audit Committee regarding the selection and re-appointment of the Company's auditors, McMillan Woods (Hong Kong) CPA Limited ("**McMillan**"). The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of McMillan and recommended to the Board to re-appoint McMillan as the Company's auditors, which is subject to the approval of shareholders at the forthcoming annual general meeting (the "**2025 AGM**").

The consolidated financial statements and this annual report have been reviewed by the Audit Committee. No material issues were identified and reported by the Audit Committee to the Board.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph E.1.2 of part 2 of the CG Code. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee of the Company was established comprising three independent non-executive Directors, namely Mr. Leung Hung Kwong, Derrick, Mr. Moy Yee Wo, Matthew and Mr. Yau Sze Yeung, with Mr. Leung Hung Kwong, Derrick as the chairman of the Remuneration Committee.

The main roles and functions of the Remuneration Committee include the following:

(a) establish a formal and transparent procedure for developing remuneration policy;

(b) recommend to the Board the policy and structure for the remuneration of Directors and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;

(c) determine the remuneration of Directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The chairman and/or the chief executive shall be consulted respectively about their proposals relating to the remuneration of the chief executive and/or senior management, as the case may be;

(d) review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management which shall be consistent with contractual terms and fair and not excessive;

(e) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;

(f) consider the annual performance bonus for executive Directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to corporate goals and objectives resolved by the Board, and make recommendation of the Board;

(g) assessing the performance of executive Directors; and

(h) approving the terms of executive Directors' service contracts.

During the year ended 31 March 2025, two Remuneration Committee meetings were held. The attendance record of each Director at the Remuneration Committee meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Remuneration Committee meetings
Mr. Leung Hung Kwong, Derrick *(Chairman)*	2/2
Mr. Moy Yee Wo, Matthew	2/2
Mr. Yau Sze Yeung	2/2

The Remuneration Policy of Directors

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee.

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to shareholders' approval.

During the year ended 31 March 2025, the Remuneration Committee has assessed the performance of executive Directors and reviewed and approved the remuneration and compensation package of the Directors with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. Details of the Directors' remuneration are set out in note 13 to the consolidated financial statements.

Remuneration of Senior Management by Band

Pursuant to paragraph E.1.5 of part 2 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 March 2025 is set out below:

Annual remuneration by band	Number of members of senior management
Nil to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	1

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference in compliance with paragraph B.3.1 of part 2 of the CG Code. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee was established comprising four independent non-executive Directors, namely Mr. Moy Yee Wo, Matthew, Ms. Ho Wing Shan, Mr. Leung Hung Kwong, Derrick and Mr. Yau Sze Yeung, with Mr. Moy Yee Wo, Matthew as the chairman of the Nomination Committee.

The main roles and functions of the Nomination Committee include the following:

(a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually to complement the Company's corporate strategy;

(b) review the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship;

(c) identify and nominate qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise;

(d) make recommendations to the Board on matters relating to the appointment or reappointment of Directors and succession planning for directors, in particular the chairman and the chief executive;

(e) assess the independence of independent non-executive Directors; and

(f) implement and review the Board Diversity Policy to ensure its effectiveness; and make disclosure of its review results in the corporate governance report of the Company's annual report.

The Nomination Committee has, during the year ended 31 March 2025, conducted the following tasks:

(a) reviewed and considered the structure, size and composition of the Board;

(b) assessed the independence of the independent non-executive Directors; and

(c) considered the Directors to retire and reappoint at the 2024 AGM.

During the year ended 31 March 2025, two Nomination Committee meetings were held. The attendance record of each Director at the Nomination Committee meetings is set out in the table below:

Name of Directors	**Number of attendance/ number of Nomination Committee meetings**
Mr. Moy Yee Wo, Matthew *(Chairman)*	2/2
Ms. Ho Wing Shan (Note)	0/0
Mr. Leung Hung Kwong, Derrick	2/2
Mr. Yau Sze Yeung	2/2

Note: Ms. Ho Wing Shan was appointed with effect from 2 December 2024. No Nomination Committee meeting was held since the date of her appointment and up to 31 March 2025.

SAFETY COMPLIANCE COMMITTEE

The Safety Compliance Committee was established with written terms of reference. It currently comprises three members, namely Mr. Leung Hung Kwong, Derrick, Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan, with Mr. Leung Hung Kwong, Derrick as the chairman of the Safety Compliance Committee. The primary duties of the Safety Compliance Committee are to assist the Board in overseeing the compliance with laws and regulations relevant to health and safety as well as the adequacy and effectiveness of the safety plans of the Group.

During the year ended 31 March 2025, two Safety Compliance Committee meetings were held. The attendance record of each Director at the Safety Compliance Committee meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Safety Compliance Committee meetings
Mr. Leung Hung Kwong, Derrick *(Chairman)*	2/2
Mr. Leung Ka Ho, Raymond	2/2
Mr. Ho Chi Kwan	2/2

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 March 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, McMillan, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on pages 51 to 56 of this annual report.

MECHANISM ENSURING SUFFICIENT INDEPENDENCE VIEWS TO THE BOARD

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time).

Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

DIVIDEND POLICY

As at the date of this report, the Board has adopted a dividend policy (the "**Dividend Policy**") in compliance with paragraph F.1.1 of part 2 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. Summary of the Dividend Policy is set out below:

(i) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things of the Group:

a. operating and financial results;

b. cash flow situation;

c. business conditions and strategies;

d. future operations and earnings;

e. taxation consideration;

f. interim dividend paid, if any;

g. capital requirement and expenditure plans;

h. interests of shareholders;

i. statutory and regulatory restrictions;

j. any restrictions on payment of dividends; and

k. any other factors that the Board may consider relevant.

(ii) The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders at an annual 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 and/or special dividends as it considers to be justified by the profits of the Group.

(iii) The Board endeavours to strike a balance between the shareholders' interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

The Company will review the Dividend Policy from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses. During the year ended 31 March 2025, the Board considered the risk management and internal control systems of the Group to be effective and adequate.

The Board has conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management system. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establish, implement, review and evaluate the sound and effective internal control system underpinning the risk management framework. While taking into full account of the prevailing requirements under the GEM Listing Rules relating to risk management and internal control, the management has formulated the risk management and control framework. All employees are committed to implement the risk management framework into the daily operation.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The objectives of the risk management and internal control framework of the Group are to identify and manage the risk of the Group's with the acceptable safety levels and achieve the Group's strategic objectives. The Group has adopted a three line risk management approach to identify, analysis, evaluation, mitigate and handle risks. At the first line of defence, staff in office/on site who must understand their roles and responsibilities are responsible for identifying, assessing and monitoring risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the advices and opinions from the external professional party (such as the external auditor) was conducted the review in annual basis and ensures that the first and second lines of defence are performed effective.

Upon conducting the annual review on the internal control and risk management of the Group, the Audit Committee and the Board were satisfied with the effectiveness and efficiency of the risk management and internal control systems of the Group for the year ended 31 March 2025.

AUDITOR'S REMUNERATION

The amount of fees charged by the external auditors generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 March 2025, the remuneration paid or payable to the external auditors of the Company, McMillan, in respect of the statutory audit services and non-audit services for the Group are as follows:

	2025 **HK$'000**	2024 HK$'000
Fees paid/payable for the services rendered		
— Statutory audit services	**750**	750
— Non-audit services	**—**	—

COMPANY SECRETARY

Mr. Chung Kiu Pan was appointed as the company secretary of the Company on 21 October 2016. The biographical details of Mr. Chung are set out under the section headed "Biographical Details of Directors and Senior Management" in this annual report.

During the year ended 31 March 2025, Mr. Chung had attended at least 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

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

Procedures for Shareholders to Convene Extraordinary General Meeting

The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

(a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Units 901, 902 and 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for the attention of the Board and/or the Company Secretary;

(c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

(e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to put forward Proposals at Shareholders' Meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (as revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

Procedures for nomination of Director by Shareholders

For any Shareholder who wishes to nominate a person to stand for election as a director at any general meeting of the Company, the following documents must be validly served to the company secretary at the Company's principal place of business in Hong Kong at Units 901, 902 and 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong, provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of the general meeting appointed for election of director and end no later than seven days prior to the date of such general meeting:

(a) a written notice signed by the Shareholder(s), who is/are duly qualified to attend and vote at the meeting, of his/her intention to propose such person for election (the "**Nominated Candidate**");

(b) letter of consent signed by the Nominated Candidate of his/her willingness to be elected; and

(c) the full name and the biographical details of the Nominated Candidate as required under Rule 17.50(2) of the GEM Listing Rules for publication by the Company.

Procedures for Raising Enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" in this annual report).

Should there are any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Units 901, 902 and 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.chdev.com.hk and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.chdev.com.hk) and by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.chdev.com.hk) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by post or by electronic means as permitted by the Articles or the GEM Listing Rules) corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders. Please refer to the Company's website for the arrangements of dissemination of corporate communications and the request form for printed copies of the annual reports, interim reports and circulars.

- Shareholders are encouraged to provide their up-to-date contact details (including electronic contact details) to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Share registration

- Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, serves the shareholders in respect of share registration, dividend payment and related matters.

- Share registration matters shall be handled for the Shareholders by the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Company's Website

- The Company's website (www.chdev.com.hk) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Units 901, 902 and 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong, or by the following means:

Telephone number: (852) 2893 5917
Email address: info@chdev.com.hk

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above shareholders' communication means and measures adopted by the Company, the Board is of the view that the shareholders' communication policy implemented during the year ended 31 March 2025 was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2025, there was no change in the Company's constitutional documents.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders (namely Mr. Leung Ka Ho, Raymond, Mr. Ho Chi Kwan, Sharp Talent Holdings Limited ("**Sharp Talent**") and Diamondfield Holdings Limited ("**Diamondfield**")) has made an annual declaration to the Company that for the year 31 March 2025, it has complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" in the Company's prospectus dated 28 February 2017 (the "**Prospectus**"). The independent non-executive Directors have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT SCOPE AND BOUNDARY

This report covers certain environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 31 March 2025 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 of the GEM Listing Rules ("**ESG Reporting Guide**").

The Group operates in strict compliance to the principles of minimising the risks associated with the listed ESG areas and aspects as stipulated in Appendix 20 to the GEM Listing Rules, including but not limited to the compliance with legal and regulatory requirements, adherence to high ethical standards, minimising negative impacts on the environment, creating value to the stakeholders, and supporting the disadvantaged and growth of the community. We uphold the importance of sustainability as one of the key driving forces to the growth of the Group and creation of value for our stakeholders.

The Board has considered the sustainability topics and determined the material ESG factors that are crucial to the Group. The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide during the year ended 31 March 2025.

The environmental data are collected from the Hong Kong head office and construction projects in Hong Kong being undertaken during the year.

This report discloses the Group's ESG performance in compliance with the HKEX ESG Reporting Guide. We continue to apply the Reporting Principles of Materiality, Consistency, Quantitative and Balance in preparing our ESG report.

Materiality: The Group's major ESG issues were analysed through materiality assessment, and the identified major issues were taken as the focus of the preparation of this report. The importance of different material issues has been reviewed and confirmed by the Board.

Quantitative: This report compares quantitative key performance indicators where appropriate and sets out in explanatory notes the criteria, methodology, assumptions and sources of key conversion factors used to calculate the relevant information.

Balance: This report provides an unbiased description of the Group's performance and avoids misleading readers with inappropriate selection, omissions and presentation formats.

Consistency: This report describes data with changes to disclosure and calculation methods where appropriate. Unless otherwise stated, the preparation method for this report is consistent with that for the report of prior year.

STAKEHOLDERS ENGAGEMENT

The Group focuses on developing the long-term value for its stakeholders, who comprise the Group's employees, customers, investors, suppliers and contractors, and the community. The Company interacts with stakeholders through various channels to understand the views of various stakeholders and collect their feedback, in order to better satisfy their demands and expectations. Our communication channels with our stakeholders include company website, annual general meeting, annual reports and interim reports, staff meetings, customers and suppliers meeting, etc.

ESG GOVERNANCE STRUCTURE

Throughout the year ended 31 March 2025, the Group maintained the same ESG management structure and process as the prior year. The management implements the relevant measures, monitors performance on a regular basis, takes stakeholders' feedback by inviting them on a regular basis into consideration to achieve continuous improvement, evaluates and prioritises material ESG risks and opportunities, and reports to the Board annually.

The Board is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. The Board is updated regularly by the management on matters relating to the progress against ESG related targets, and the management of sustainability performance of the Group's key material issues, providing clear sustainability roadmap. The Board will also review progress towards the relevant targets annually and ensure that the ESG Working Group has sufficient resources to achieve these targets.

GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

Emissions

The Group engaged in the construction industry which may generate some hazardous and non-hazardous waste due to the business nature. The Group takes all reasonable steps to closely monitor and manage the environmental effect of the operations. The Group targets to minimise the impact on the environment and always seeks less harmful ways to the environment in the operations. The Group has adopted the emission control measures, including but not limiting to: (i) use of ultra-low sulphur diesel for plants and generators; (ii) use of non-road mobile machinery approved with EPD label; (iii) use of air compressor and hand held percussive breaker with noise emission label; (iv) trip-ticket system to record disposal of construction waste to disposal facilities; and (v) open burning is prohibited in all sites. Furthermore, we improved job planning to conserve construction materials.

In addition, we have made a significant stride towards reducing our emission by replacing one of petrol vehicles with an electric vehicle ("**EV**"). This transition has allowed us to positively impact the environment by reducing air pollutants and combatting climate change. The adoption of EV aligns with our dedication to environmental responsibility and demonstrates our proactive approach to embracing cleaner technologies.

During the year ended 31 March 2025, the Group did not identify any material non-compliance related to emissions, and control and discharge into land and water.

	2025	2024
Emissions		
Annual Emission Data from Vehicles		
Nitrogen oxides (NOx) (kg)	**2.65**	3.87
Sulphur oxides (SOx) (kg)	**0.06**	0.07
Particulate matters (PM) (kg)	**0.19**	0.29
Greenhouse Gas Emissions		
Direct Emission (Scope 1) (tonnes)	**8**	13
Indirect Emission (Scope 2) (tonnes)	**11**	14
Indirect Emission (Scope 3) (tonnes)	**7**	9
Total Greenhouse Gas Emissions (tonnes)	**26**	36
Non-hazardous Waste		
Construction and Demolition Waste (Fill Bank) (tonnes)	**1,449**	1,778
Construction and Demolition Waste (Sorting Facility) (tonnes)	**7,898**	1,163
Construction and Demolition Waste (Landfill) (tonnes)	**3,910**	1,840
Total Non-hazardous Waste (tonnes)	**13,258**	4,781

Note: No significant hazardous waste was generated during the years ended 31 March 2025 and 2024.

We target to lower the emission level by 10% for the coming year.

Use of Resources

The Group is committed to having an environmental friendly working environment. The Group advocates to reducing the consumption of fuel, electricity, water and other raw materials and improving the resource efficiency by way of: (i) the Group encourages employees to switch off the lights and electronic appliances before they leave the office and turn off the tap when not in use; (ii) the Group encourages the employee to set the temperature of the office's air conditioner to 25.5 Degree Celsius; (iii) the Group encourages its employee to use double-sided printing instead of single-sided printing; (iv) the Group arranges the surplus materials on the construction sites to be re-used in other construction sites instead of dumping; and (v) the Group adopts sustainable technologies, e.g. using LED Solar floodlights as external site lighting devices. The LED facilities in combination with solar panels and automatic light sensors bring up an efficient, energy saving and carbon emission reducing construction environment.

The Group sources water from the municipal water supply, and does not encounter any issue in sourcing water that is fit for purpose.

As the operation of the Group generally does not involve addition of packaging material to the finished products, this indicator is considered immaterial and is not reported in the report.

	2025	2024
Total Resources Consumption		
Electricity Intensity		
Total Electricity consumption (kWh)	**28,435**	23,134
Electricity Intensity (kWh/Staff/Day)	**1.01**	0.95
Water Intensity		
Total Water consumption (m^3)	**–**	–
Water Consumption Intensity (m^3/Staff/Day)	**–**	–

The Environment and Natural Resources

The Group has developed the Environmental Management System which has been certified to comply with ISO 14001. The Group set up the Environmental Information Board in office in order to spread the practical tips and information about the environmental friendly action to the management and employees in order to minimise the impact of the business on the environment.

For the coming year, we target to reduce the overall resources consumption, including electricity and water by 10%.

Impact on Environmental and Natural Resources

The Group recognises that the construction activities will bring disturbances to the public, including but not limited to noise and vibration pollution and public disturbance in construction sites that are located near residential area. The Group is committed to minimising the negative environmental impacts brought about by the Group's operations by carrying out the following measures to mitigate the impact as identified above:

- noise management plan will be prepared in each construction project;
- noise barriers are erected to shield people around from excessive noise generated by the Group's construction activities;
- periodic review of noise and vibration level; and
- notices will be placed to inform residents nearby of the commencement of construction work.

Climate Change

For the year ended 31 March 2025, to the best of the Board's knowledge, the Group was not affected materially by any climate-related issues, e.g., rainstorms, floods, heatwaves, rise in mean sea levels and severe typhoons, which may cause delays in the procurement of works materials and operation of site works.

EMPLOYMENT

The Group regards people as its greatest asset. To underline this fact, the Group has established clear policies and guidelines on dismissal, recruitment, working hours, rest periods, equal opportunities, diversity, anti-discriminations and other benefits and welfare to attract and retain talent. The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. The Group delivers a fair and safe working environment for employees to support their career advancement and also fosters their personal development. All of the employees are based in Hong Kong.

Summary of Employment Performance Indicators:

	2025		2024	
Number of Employees		**77**		67
By Gender				
Female	**35**	**45%**	31	46%
Male	**42**	**55%**	36	54%
By Age				
18 or below		**–**		–
19 to 40		**28**		22
41 to 60		**41**		38
Over 60		**8**		7

Diversity

	2025				
Number of Employees	**Gender**		**Age Group**		
By Employee Category	**Female**	**Male**	**19 to 40**	**41 to 60**	**Over 60**
Management	**–**	**3**	**–**	**3**	**–**
Project management	**19**	**31**	**20**	**25**	**5**
Administration, accounting and finance	**9**	**1**	**2**	**8**	**–**
Tender	**6**	**1**	**4**	**3**	**–**
Direct worker	**1**	**6**	**2**	**2**	**3**
	35	**42**	**28**	**41**	**8**

	2024				
Number of Employees	Gender		Age Group		
By Employee Category	Female	Male	19 to 40	41 to 60	Over 60
Management	–	3	–	3	–
Project management	15	31	17	23	6
Administration, accounting and finance	9	1	2	8	–
Tender	6	–	3	3	–
Direct worker	1	1	–	1	1
	31	36	22	38	7

Turnover Rate

	2025	2024
Employee Turnover Rate	**38%**	31%
By Gender		
Female	**24%**	21%
Male	**51%**	76%
By Age		
18 or below	**–**	–
19 to 40	**41%**	39%
41 to 60	**21%**	25%
Over 60	**107%**	40%

HEALTH AND SAFETY

As a group that mainly engages in the construction business, the Group places occupational safety and health as a top priority of all works. Our safety and health policy requires all levels of management and supervision to actively participate in adopting all feasible ways to create a safe working environment, as well as monitoring the related implementation. In addition, all of our employees and subcontractors are required to comply with this policy. On the other hand, we are committed to maintaining a high standard of safety and health by complying with the customers' requirement as well as the relevant regulations, including the Occupational Safety and Health Ordinance (Cap. 509) and Factories and Industrial Undertakings Ordinance (Cap. 59).

To enhance the professionalism and safety awareness of our frontline supervisory employees, all foremen are required to hold a Construction Safety Supervisor Certificate. Regular safety meetings are held for safety officers and site supervision teams to share the latest information and good practices with respect to safety.

In view of the importance of promoting the occupational safety and health to all stakeholders, we establish the Safety Compliance Committee to review and monitor the safety policy and promote safety and health awareness.

Summary of Health and Safety Performance Indicators

	2025	2024	2023
Work-related fatalities (cases)	**–**	–	–
Lost days due to work injury (days)	**1,094**	497	71

Safety Audit

Safety audits were conducted periodically in office (corporate level) and on site (project level) according to the statutory requirements of Factories and Industrial Undertakings (Safety Management) Regulation, to check the efficiency, effectiveness and reliability of the safety management and set up plan for further improvement actions.

ISO 45001

Safety Management System was developed. Not only to comply with the statutory requirements, the system has been certified to comply with an international standard of ISO 45001. This standard is implemented to all projects and is continuously undergoing improvement with latest international trends.

During the year ended 31 March 2025, the Group's has not identified any material non-compliance cases relating to health and safety.

DEVELOPMENT AND TRAINING

The Group believes that people development plays the most pivotal role in laying a solid ground for business growth. The Group encourages long-term growth and career development by allocating sufficient resources to people development. Besides on-the-job training, employees are encouraged to participate in internal and external training to strengthen their capacity, work skills, knowledge and professionalism. The Group regularly gives seminars hosted by our directors on work skills and management skills to employees and some external associations and authorities.

Summary of Development and Training Performance Indicators

Full-time Employee Trained	**2025**		2024	
	Female	**Male**	Female	Male
Management	**–**	**66.7%**	–	66.7%
Project management	**36.8%**	**100.0%**	53.3%	100.0%
Administration, accounting and finance	**–**	**100.0%**	100.0%	100.0%
Tender	**–**	**–**	16.7%	–
Direct worker	**100.0%**	**100.0%**	100.0%	100.0%

Average Training Hours Completed Per Full-time Employee	**2025**		2024	
	Female	**Male**	Female	Male
Management	**–**	**2.5**	–	4.0
Project management	**1.8**	**11.8**	4.9	15.2
Administration, accounting and finance	**–**	**20.0**	0.5	20.0
Tender	**–**	**–**	35.9	–
Direct worker	**1.0**	**1.0**	1.0	1.0

LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and fully understands that employing child labour and forced labour is prohibited. The Group review the job applicant's identity information during the recruitment process and the applicant is also required to provide document proofs of academic qualifications and working experience for verifications. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is established on a voluntary basis. If any violations are discovered, they will be dealt with as appropriate, including to terminate the labour contract with the employee concerned. During the year ended 31 March 2025, the Group has not identified any non-compliance cases involving child labour and forced labour.

SUPPLY CHAIN MANAGEMENT

Sustainable Procurement

To ensure the Group's service quality, the Group has an extensive supply chain consisting of more than 300 subcontractors for building renovation and construction services and suppliers of materials in Hong Kong. The Group's policy in relation to the subcontractors and suppliers is to select only those subcontractors and suppliers on an approved list who has passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group also included evaluation on the Group's suppliers to assess whether the materials and services to be provided are environmentally friendly. The Group aims to maintain the partnership with suppliers and works together in order to promote sustainable development of the industry. The Group performs the evaluation of subcontractors and suppliers in an annual basis to make sure the performance of the subcontractors and suppliers are up to the standard. The assessment mainly includes but not limited to the professional qualification, services/products quality, financial status, operation in good integrity, social responsibility, etc. When the evaluation result of the suppliers or subcontractors are not satisfactory, the respective suppliers or subcontractors may be removed from the approval list.

PRODUCTS RESPONSIBILITY

The Group recognises the importance of the quality of the services provided by the Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures comply with the laws and regulations.

The Group communicates and confirms the work plan with customer before the commencement of the project and actively monitors and processes and coordinates with the customer. For the year ended 31 March 2025, the Group has not had any material complaints or request to terminate projects due to poor quality and safety. If a complaint should arise, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

The Group also recognises the importance of the intellectual property right. The management and relevant department review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group is committed to protecting the privacy of the employees, subcontractors and customers and complies with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). All confidential data of customers can only be assessed by the staffs who are responsible for the projects for relevant clients.

For the year ended 31 March 2025, the Group has not identified any non-compliance cases relating to product responsibility.

ANTI-CORRUPTION

The Group believes that the integrity of business is the foundation of corporate social responsibility, as well as a fundamental element for a business' s competitive advantage and sustainability. The Group is committed to the highest possible standards of openness, probity and accountability.

The Group adopts a policy of zero tolerance towards corruption. All employees must fully comply with relevant local laws and regulations such as Prevention of Bribery Ordinance (Cap. 201) as well as the Group's own policies on prevention of corruption. All employees have a responsibility to report any suspected violations to a supervisor or senior management. The Group adopted a whistleblowing policy, which encourages and provides an accessible channel to the Group's employees to report any suspected matter of wrongdoing which will affect the operations of the Group. All reports will be treated as confidential in order to protect the identity of the employee that made the report and to encourage them to report any suspicious activities without fear of reprisal. The policy also addresses any potential concerns from complainants on their anonymity and being subjected to victimisation, harassment or discriminatory treatment after reporting. All complaints received are promptly processed and investigated. Any employee in violation of the Company policies or applicable laws and regulations will be reported to the Hong Kong Independent Commission Against Corruption and wherever appropriate, shall be subject to disciplinary action.

Anti-corruption training is provided to the Group's employees in induction training. The Group's directors and senior management are encouraged to attend special anti-corruption courses.

During the year ended 31 March 2025, the Group has had no non-compliance cases regarding violations of relevant laws and regulations on anti-corruption.

COMMUNITY INVESTMENT

Caring for the Society

Corporate social responsibility via staff volunteerism, philanthropy and community service is the core values of the Group. The Group actively participated in charitable donations, caring for people in need, as well as supporting and sponsoring educational and environmental protection activities. We also focused on supporting young people through providing internship programme to students for practical working experience before their graduation to enter the workforce.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Leung Ka Ho, Raymond (梁家浩), aged 57, was appointed as the Director on 18 October 2016 and was redesignated as an executive Director and appointed as the chairman of the Board and chief executive officer of the Company on 15 December 2016. Mr. Leung is the director of Fulam Construction Engineering Company Limited ("**Fulam Construction**"), Fulam Engineering Hong Kong Company Limited ("**Fulam Engineering**"), indirect wholly owned subsidiaries of the Company, and other subsidiaries of the Group. Mr. Leung is responsible for the overall business strategy, preparing annual budget proposals, and major business decisions of the Group.

Mr. Leung has over 36 years of experience in the construction industry and possesses extensive knowledge in planning and managing construction projects of various nature. He obtained his higher diploma in building from City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) and a bachelor's degree of science in building from the South Bank University in the United Kingdom. He also obtained his master's degree of science in architecture from the University College London in the United Kingdom. He had served in Government body that he was appointed by the Building Authority as a member of Minor Works Contractors Registration Committee Panel.

Mr. Leung is a member of Australian Institute of Building, a member of the Chartered Institute of Building, a member of the Hong Kong Institute of Construction Managers (previously known as Hong Kong Institute of Builders), and a member of the Contractor's Authorised Signatory Association Limited.

From September 2020 to September 2023, Mr. Leung served as an independent non-executive director of Skymission Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1429).

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Mr. Ho Chi Kwan (何智崑), aged 52, was appointed as the Director on 18 October 2016 and was redesignated as an executive Director of the Company on 15 December 2016. Mr. Ho is responsible for the overall business strategy, preparing annual budget proposals, and major business decisions of the Group.

Mr. Ho has over 30 years of experience in the construction industry. He has then been a director of each of Fulam Construction and Fulam Engineering since the dates of their incorporation. He is also the directors of other subsidiaries of the Group. He is currently an associate member of Hong Kong Institute of Project Management and a member of Hong Kong Institute of Real Estate Administrators.

Mr. Ho completed a certificate course in building services, design, installation and maintenance organised by Hong Kong Productivity Council. He also completed a number of courses organised by the Construction Industry Training Authority.

He was not a director in any listed companies for the last three preceding years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ho Wing Shan (何穎珊), aged 52, was appointed as the independent non-executive Director on 2 December 2024. She is a member of the Nomination Committee.

Ms. Ho has over 15 years of professional experience in the banking industry. From March 2001 to July 2003, Ms. Ho worked as a client service assistant at Citigroup Global Markets Inc. From August 2003 to September 2005, she joined the Greater China team of UBS Group AG as a marketing assistant. From September 2005 to December 2008, Ms. Ho became the assistant relationship manager of Credit Suisse Group AG. From April 2009 to June 2016, she served as an associate director at Bank Julius Baer & Co. Limited, where she mainly provided professional banking services including but not limited to handling clients' administrative inquiries and credit applications. Ms. Ho serves as the non-executive director of Harbour Equine Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8377) since September 2024 and the non-executive director of i-Control Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1402) since October 2024.

Ms. Ho obtained a Bachelor of Arts with a major in Economics from the University of Regina in 1994. She is currently licensed by the Securities and Futures Commission to act as a licensed representative to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) with Upbest Securities Company Limited.

Save as disclosed above, she was not a director in any other listed companies for the last three preceding years.

Mr. Leung Hung Kwong, Derrick (梁雄光), aged 56, was appointed as the independent non-executive Director on 22 February 2017. He is the chairman of the Remuneration Committee and the Safety Compliance Committee, and a member of each of the Audit Committee and Nomination Committee.

Mr. Leung has over 34 years of experience in the engineering and construction industry. In August 2008, he joined Yee Hop Engineering Company Limited which is the subsidiary of Yee Hop Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1662). He has been the executive director of Yee Hop Holdings Limited since February 2015.

Mr. Leung obtained his bachelor's degree of science in engineering from the National Taiwan University in Taiwan and obtained his master's degree of philosophy in civil & structural engineering from the Hong Kong University of Science & Technology. He is currently a member of the Institution of Structural Engineers and a member of the Hong Kong Institution of Engineers in the disciplines in civil, geotechnical and structural. He is also a registered professional engineer (geotechnical, structural) of engineers registration board.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. Moy Yee Wo, Matthew (梅以和), aged 46, was appointed as the independent non-executive Director on 22 February 2017. He is the chairman of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee.

Mr. Moy has over 23 years of experience in the finance industry. Mr. Moy graduated with a Bachelor of Business Administration in Accounting Degree and a Master of Business Administration Degree from The Hong Kong University of Science and Technology.

He has been a member of The Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Moy is currently the chief financial officer of AiNsemi Technology Limited. From February 2019 to May 2024, Mr. Moy served as the chief financial officer and the company secretary of Apollo Future Mobility Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0860). From August 2012 to January 2019, Mr. Moy served as the chief financial officer, the company secretary and an authorised representative of China Silver Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0815). Mr. Moy has been an independent non-executive director of Janco Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8035) since October 2022 and an independent non-executive director of Great Wall Pan Asia Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0583) since March 2025. From June 2017 to November 2023, Mr. Moy served as an independent non-executive director of Reach New Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8471). From September 2024 to March 2025, Mr. Moy served as an independent non-executive director of Elife Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0223). In addition, he served as an independent director of Click Holdings Limited, a company listed on NASDAQ in the United States (Stock Code: CLIK) from September 2024 to May 2025.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. Yau Sze Yeung (邱思揚), aged 47, was appointed as the independent non-executive Director on 22 February 2017. He is the chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Yau has over 24 years of experience in various sections of the financial industry including audit and corporate finance. From July 2015 to October 2019, he was the financial controller of Janco Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8035). He was also the executive director and company secretary of Janco Holdings Limited from April 2016 to October 2019. Mr. Yau also serves as the independent non-executive Director of China Uptown Group Company Limited (Stock Code: 2330), a company listed on the Main Board of the Stock Exchange since July 2022.

Mr. Yau obtained a bachelor's degree of business administration in accountancy from City University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

SENIOR MANAGEMENT

Mr. Yiu Chit Kwan (姚捷坤), aged 52, joined the Group in September 2021. He is the director of Fulam Construction and Fulam Engineering. Mr. Yiu is primarily responsible for overall project management, marketing, tendering and business development. He has over 30 years of experience in the construction industry. He obtained a higher diploma in building surveying from City University of Hong Kong and a diploma in surveying from the University College of Estate Management.

He was not a director in any listed companies for the last three preceding years.

Ms. Mak Pui Chun (麥珮珍), aged 49, has been the deputy general manager of Fulam Construction and Fulam Engineering since July 2019. She is primarily responsible for overall project management, staff training and administrative management. She has over 21 years of experience in the construction industry. She obtained a higher certificate in building studies from Hong Kong Technical Colleges. She then obtained a bachelor's degree of science in building surveying from the University of Greenwich in the United Kingdom.

She was not a director in any listed companies for the last three preceding years.

Mr. Chung Kiu Pan (鍾喬濱), aged 40, joined the Group in October 2016 and is currently the chief financial officer of the Group and the company secretary of the Company. He is primarily responsible for financial reporting, financial planning, internal control and corporate secretarial practices and procedures of the Group. Mr. Chung served as the company secretary of hmvod Limited (Stock Code: 8103) from May 2022 to April 2023 and serves as the company secretary of Janco Holdings Limited (Stock Code: 8035) since October 2022.

Mr. Chung graduated with a bachelor of business administration majoring in professional accountancy in the Chinese University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants, and a certified public accountant (practising) registered with the Accounting and Financial Reporting Council.

He was not a director in any listed companies for the last three preceding years.

Save as disclosed above, there is no financial, business, family or other material or relevant relationship among the members of the Board and senior management.

REPORT OF DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2025.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 18 October 2016.

In preparing for the listing of the Company's shares on GEM of the Stock Exchange, the Company became the holding company of the companies comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") upon the completion of the Reorganisation on 11 November 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" ("**MD&A**") in this annual report. Future prospects of the Group's business are set out in the sections headed "Chairman's Statement" and MD&A in this annual report. These discussions form an integral part of this Report of Directors.

Key risks and uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in the operations and financial position as efficiently and effectively as possible.

The Group's key business risk exposures include the following:

(i) The Group has relatively thin net profit margin, and the financial results are highly sensitive to any unfavourable change in the cost of sales, contract prices and the market conditions in the renovation and maintenance works, alteration and addition works and fitting-out industry in Hong Kong;

(ii) The Group may not be able to maintain or increase the success rate of the projects tendered;

(iii) The Group derives its revenue from projects of a non-recurring nature, in which there is no guarantee that the customers will provide the Group with new business or that the Group will secure new contracts;

(iv) Reliance on subcontractors;

(v) Any significant increase in the subcontracting charges and substandard subcontractor works may have adverse impacts on the financial results;

(vi) The Group determines the contract price based on the estimated time and costs involved in the project. The actual time and costs may deviate from the estimations. An inaccurate estimation or ineffective cost management may adversely affect the Group's financial results;

(vii) The surety bonds may be forfeited in the event of the non-performance of contracts and the amount of such surety bonds may increase, in either case, the cash flows and financial position could be adversely affected;

(viii) The business is labour intensive. If the Group or the Group's subcontractors experience any shortage of labour, industrial actions or strikes, the operations and financial results would be adversely affected; and

(ix) Time required to award and complete renovation work may be lengthened in the future.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

Environment protection

The Group is committed to contributing to the sustainability of the environment from its business activities. The Group established measures and created certain environmental framework to minimise and monitor the environmental impacts attributable to its operations. The Group implemented certain green office practices such as re-deployment of office furniture as far as possible, encouraged use of recycled paper for printing and copying and reduced energy consumption by switching off idling lightings and electrical appliances. Moreover, the Group also established air pollution, noise and waste disposal controls such as watering when necessary for any dusty materials before loading and unloading on site; works that create loud noise are to be carried out during day-time or non noise sensitive hours only; labelled bins to be provided to allow segregation of recyclable materials from other waste for transportation to landfills or public fill whenever possible.

Workplace quality

The Group believes that its employees are valuable assets and it regards human resources as its corporate wealth. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing an attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increments, bonuses and promotions based on the performance of each employee. The Group has employee handbooks outlining the terms and conditions of employment, expectations for employees' conduct, employees' rights and benefits.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 57 of this annual report.

DIVIDEND POLICY

For details of the Company's dividend policy, please refer to the paragraph headed "Corporate Governance Report — Dividend Policy" in this annual report.

Any final dividend for a fiscal year will be subject to approval by the shareholders. Dividend may be paid up in the form of cash or scrip or by distribution in any form. Any dividend unclaimed will be forfeited and will revert to the Company in accordance with the Articles.

REPORT OF DIRECTORS

DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend for the year ended 31 March 2025 (2024: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled to be convened on, Thursday, 24 July 2025. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 21 July 2025 to Thursday, 24 July 2025, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 18 July 2025.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 123 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2025, as far as the Directors are aware, the Company did not have any non-compliance in all material respects with the relevant laws and regulations that is material or systemic in nature.

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. Detailed information on the ESG practices adopted by the Group is set out in the section headed "Environmental, Social and Governance Report" in this annual report.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in this annual report.

RETIREMENT SCHEME

The Group participates in the MPF Scheme, the details of which is disclosed in the paragraph headed "Management Discussion and Analysis — Retirement Benefit Scheme" in this annual report. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 March 2025.

PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, during the year ended 31 March 2025 and up to the date of this report, at least 25% of the issued shares of the Company (excluding treasury shares) was held by public shareholders as required under the GEM Listing Rules.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") is a share incentive scheme and is established to recognise and acknowledge the contribution of the Directors and other employees who have made valuable contribution to the Group. The Share Option Scheme of the Company was adopted on 22 February 2017 (the "**Adoption**"). There was no share option or awards granted or agreed to be granted, exercised, cancelled, forfeited or lapsed under the Share Option Scheme for the year ended 31 March 2025, and there was no outstanding share option under the Share Option Scheme as at 31 March 2025.

The following is a summary of the principal terms of the Share Option Scheme but it does not form part of, nor was it intended to be part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose

The Share Option Scheme is a share incentive scheme established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) The Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue at the time dealings in the Shares first commenced on the Stock Exchange, being 800,000,000 shares, unless the Company obtains a fresh approval.

(d) Maximum number of options to any one individual

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant.

(e) Price of Shares

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

(f) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, the Company did not enter into any equity-linked agreement during the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company (including sale of treasury shares) during the year ended 31 March 2025.

During the year ended and as at 31 March 2025, the Company did not hold any treasury shares.

DONATIONS

The Group has made nil donation for the year ended 31 March 2025 (2024: nil).

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 59 and note 40 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2025, the Company's reserves available for distribution to the shareholders, comprising share premium and retained profits, calculated in accordance with the Companies Law (as revised) of the Cayman Islands amounted to approximately HK$18.7 million (2024: approximately HK$18.6 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2025, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

—	The largest customer	25.7%
—	The total of the five largest customers	63.2%

For the year ended 31 March 2025, the percentage of cost of sales attributable to the Group's major suppliers is set out below:

Cost of sales

—	The largest supplier	11.4%
—	The total of the five largest suppliers	41.5%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital (excluding treasury shares)) had an interest in the major customers and major suppliers noted above.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group has maintained good relationships with its major customers. The Group values the relationships with its customers as it believes that maintaining good relationships with them is crucial to the success of the business. The long-term working relationship can help the Group to understand the demands of its customers in a timely manner and also increase its visibility in the construction industry in Hong Kong. The Directors consider that maintaining good relationships with the Group's customers would increase the chance of being invited to tender or quote for the forthcoming projects, which is conducive to securing a steady stream of projects for the Group. The Group strives to monitor manpower, machinery and material distribution in all projects in response to the customers' demands.

Suppliers and subcontractors

The Group has established stable business relationships with its major suppliers and subcontractors which is essential to the smooth operation of the Group's business, as the Directors consider that timely delivery of necessary materials and provision of labour assistance can enable the Group to meet the schedules of its customers. The Group has also maintained a list of approved suppliers and subcontractors which is periodically reviewed and updated based on the internal assessment of their performance, to ensure that all the works performed by the suppliers and subcontractors satisfy the requirements of the relevant contract.

Employees

The Group maintains a cooperative and good relationship with its management and employees in providing competitive remuneration, staff welfare and benefits. In general, the Group reviews and determines the remuneration packages of its employees on a periodical basis by reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of its employees and the performance of the employees and the Group.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Leung Ka Ho, Raymond *(Chairman)*
Mr. Ho Chi Kwan

Independent non-executive Directors

Ms. Ho Wing Shan *(appointed with effect from 2 December 2024)*
Mr. Leung Hung Kwong, Derrick
Mr. Moy Yee Wo, Matthew
Mr. Yau Sze Yeung

Pursuant to Article 112 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108(a) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

BIOGRAPHICAL DETAILS OF DIRECTORS

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed “Biographical Details of Directors and Senior Management” in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year under review.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group for the year ended 31 March 2025 are set out in notes 12 and 13 to the consolidated financial statements.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the month of Listing or the date of appointment and will continue thereafter until terminated in accordance with the terms of the agreement. Independent non-executive Directors are appointed for a term of three year initially and will continue thereafter unless terminated by either party giving at least six month’s notice in writing.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company, its holding company or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENT POLICY

The Remuneration Committee is responsible for reviewing and determining the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Share Option Scheme.

MANAGEMENT CONTRACTS

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Group which was entered into or existed during the year ended 31 March 2025.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2025.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

DISCLOSURE OF INTERESTS

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

As at 31 March 2025, interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Position in the Company's Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Leung Ka Ho, Raymond (Notes 1 & 2)	Interest in a controlled corporation; interest held jointly with another person	574,050,000 ordinary shares	71.8%
Mr. Ho Chi Kwan (Notes 1 & 3)	Interest in a controlled corporation; beneficial owner; interest held jointly with another person	574,050,000 ordinary shares	71.8%

Notes:

1. On 11 November 2016, Mr. Leung and Mr. Ho entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of the Group and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraphs headed "History, reorganisation and corporate structure — Parties acting in concert" in the Prospectus.

2. 574,050,000 Shares in which Mr. Leung is interested consist of (i) 343,050,000 Shares held by Sharp Talent, a company wholly owned by Mr. Leung, in which Mr. Leung is deemed to be interested under the SFO; and (ii) 231,000,000 Shares in which Mr. Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Ho.

3. 574,050,000 Shares in which Mr. Ho is interested consist of (i) 199,590,000 Shares held by Diamondfield, a company wholly owned by Mr. Ho, in which Mr. Ho is deemed to be interested under the SFO; (ii) 31,410,000 Shares held by Mr. Ho as beneficial owner; and (iii) 343,050,000 Shares in which Mr. Ho is deemed to be interested as a result of being a party acting-in-concert with Mr. Leung.

(ii) ***Long position in the ordinary shares of associated corporations***

Name of Directors	Name of associated corporations	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Leung Ka Ho, Raymond	Sharp Talent	Beneficial owner	1 ordinary share	100%
Mr. Ho Chi Kwan	Diamondfield	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 31 March 2025, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2025, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding
Sharp Talent (Note)	Beneficial owner; interest held jointly with another person	574,050,000 ordinary shares	Long	71.8%
Diamondfield (Note)	Beneficial owner; interest held jointly with another person	574,050,000 ordinary shares	Long	71.8%

Note:

On 11 November 2016, Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of the Group and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraphs headed "History, reorganisation and corporate structure — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders, i.e. Sharp Talent (being wholly owned by Mr. Leung), Mr. Leung, Diamondfield (being wholly owned by Mr. Ho) and Mr. Ho is deemed to be interested in approximately 71.8% of the issued share capital of the Company.

Save as disclosed above, as at 31 March 2025 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are set out in Note 36 to the consolidated financial statements. None of these transactions with the related parties of the Group carried out during the year under review constituted non-exempted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules, which requires disclosure in this annual report.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2025, the Group has not entered into any connected transaction that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transaction that are not exempt under Chapter 20 of the GEM Listing Rules.

AUDITOR

McMillan was engaged as the auditors of the Company, and will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

The consolidated financial statements have been audited by McMillan.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Directors are not aware of any tax relief available to the shareholders by reason of their holding of the Company's securities.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event requiring disclosure has taken place subsequent to 31 March 2025 and up to the date of this report.

REVIEW BY AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended 31 March 2025 have been reviewed by the Audit Committee.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedications, as well as its shareholders, business associates and other professional parties for their support throughout the period.

By order of the Board
Chi Ho Development Holdings Limited
Leung Ka Ho, Raymond
Chairman and Executive Director

Hong Kong, 27 June 2025

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

TO THE MEMBERS OF CHI HO DEVELOPMENT HOLDINGS LIMITED
滙滙發展控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chi Ho Development Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 57 to 122, which comprise the consolidated statement of financial position as at 31 March 2025, and 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 year. 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.

KEY AUDIT MATTERS (Continued)

Key audit matter

Recognition of contract revenue arising from building renovation and construction services

We identified the recognition of contract revenue arising from building renovation and construction services as a key audit matter because it is quantitatively significant to the consolidated financial statements as a whole.

As disclosed in the consolidated statement of profit or loss and other comprehensive income, the contract revenue arising from building renovation and construction services amounted to approximately HK$497,120,000 for the year ended 31 March 2025.

As set out in notes 3 and 4 to the consolidated financial statements, the Group recognised contract revenue by reference to the progress towards complete satisfaction of performance obligation at the end of the reporting period, which is measured based on the surveys of work performed to date.

The actual outcome of the contracts in terms of its total contract revenue may be higher or lower than the estimates and this will affect the recognition of revenue.

How our audit addressed the key audit matter

Our procedures in relation to the recognition of contract revenue arising from building renovation and construction services included, evaluating the revenue recognised on renovation and construction projects, on a sample basis, by:

- Obtaining and understanding the design and implementation of the Group’s key internal controls over the recognition of cost and contract revenue;
- Agreeing the contract sum and variation orders amounts to respective signed contracts and the correspondence with customers; and
- Discussing with the management and project managers and checking to the architect certificates issued by the surveyors and other supporting documents issued before and subsequent to year end date to reaffirm and understand the status of completion of the building renovation and construction services in order to evaluate the progress towards complete satisfaction of a performance obligation of the building renovation and construction services and the reasonableness of their estimation on the budgeted cost and recognition of revenue during the year.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on contract assets	
We identified impairment assessment of contract assets as a key audit matter due to the significance of contract assets to the Group's consolidated financial position and the involvement of management estimates in evaluating the expected credit loss ("**ECL**") of the Group's contract assets at the end of the reporting period. As at 31 March 2025, as set out in note 21 to the consolidated financial statements, the carrying amount of contract assets is approximately HK$194,554,000. As disclosed in notes 3 and 4 to the consolidated financial statements, the management of the Group together with an independent qualified professional valuer ("**Valuer**") engaged by the Group estimate the amount of lifetime ECL of contract assets by first identifying significant balance of contract assets for individual assessment and for the remaining contract assets, on a collective basis through grouping of various customers that have similar credit risk characteristics by reference to the nature and industry of customers. Internal credit rating has been given to each category of customers after considering aging, repayment history and past due status of respective customers. Estimated loss rates are based on probability of default and loss given default and are adjusted for forward-looking information. The credit loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. As disclosed in note 33(b) to the consolidated financial statements, the Group's lifetime ECL on contract assets as at 31 March 2025 amounted to approximately HK$6,196,000.	Our procedures in relation to the impairment assessment of contract assets included: • Obtaining and understanding the design and implementation of the key controls on how the management estimates the credit loss allowance for contract assets; • Evaluating the Valuer's competence, capabilities and objectivity; • Engaging independent competent expert to review the estimation of the credit loss allowance for contract assets prepared by the Valuer. Challenging the basis and judgments in determining credit loss allowance on contract assets as at 31 March 2025 through the discussion with the management and the Valuer, including identification of significant contract assets, the reasonableness of grouping of the remaining contract assets into different categories on a collective basis, and the basis of estimated loss rates applied in individual assessment and each category on a collective basis (based on probability of default and loss given default and are adjusted for forward-looking information); • Testing the integrity of information and reasonableness of ECL provided for those significant contract assets under individual assessment, on a sample basis; and • Understanding and testing the reasonableness of internal credit rating given to each category of customers by checking historical observed default rates and the status of completion of the building renovation and construction services and related contract assets aging analysis as at 31 March 2025, and other supporting information, on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 of the Company 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 in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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

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.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Chan Chun Sing
Audit Engagement Director
Practising Certificate Number: P05537
24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong
27 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	5	**497,514**	352,903
Cost of sales		**(465,949)**	(312,360)
Gross profit		**31,565**	40,543
Other income	6	**3,186**	1,017
Change in fair value of investment property		**(200)**	(200)
Allowance recognised under expected credit loss ("**ECL**") model, net of reversal	7	**(4,704)**	(4,248)
Allowance recognised under ECL model on loan to a joint venture		**(16,150)**	–
Administrative expenses		**(21,172)**	(21,530)
Finance costs	8	**(4,916)**	(4,146)
(Loss) profit before taxation		**(12,391)**	11,436
Income tax credit (expense)	9	**99**	(1,342)
(Loss) profit for the year	10	**(12,292)**	10,094
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Remeasurements of provision for long service payments		**100**	(1)
(Loss) profit and total comprehensive (expense) income for the year		**(12,192)**	10,093
(Loss) earnings per share			
— Basic (HK cents)	14	**(1.54)**	1.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	15	**2,663**	3,981
Right-of-use assets	16	**1,962**	3,166
Investment property	17	**7,800**	8,000
Interest in a joint venture	18	**35,342**	19,640
Financial assets at fair value through profit and loss ("**FVTPL**")	19	**16,036**	16,685
Deferred tax assets	28	**1,883**	1,107
		65,686	52,579
Current assets			
Trade and other receivables	20	**78,273**	99,615
Contract assets	21	**194,554**	212,872
Tax recoverable		**476**	144
Pledged bank deposits	23	**14,702**	9,511
Bank balances and cash	23	**25,655**	22,535
		313,660	344,677
Current liabilities			
Trade and other payables	24	**127,992**	138,575
Tax payable		**2,161**	2,164
Other borrowing	25	**6,500**	–
Bank borrowings	26	**95,810**	96,109
Lease liabilities	27	**1,158**	1,731
		233,621	238,579
Net current assets		**80,039**	106,098
Total assets less current liabilities		**145,725**	158,677
Non-current liabilities			
Lease liabilities	27	**456**	1,266
Deferred tax liabilities	28	**341**	291
		797	1,557
Capital and reserves			
Share capital	29	**8,000**	8,000
Reserves		**136,928**	149,120
Total equity		**144,928**	157,120
		145,725	158,677

The consolidated financial statements on pages 57 to 122 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

Leung Ka Ho, Raymond
Chairman

Ho Chi Kwan
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital HK$'000	Share premium HK$'000 (Note 1)	Property revaluation reserve HK$'000 (Note 2)	Other reserve HK$'000 (Note 3)	Retained profits HK$'000	Total HK$'000
At 1 April 2023 (restated)	8,000	31,777	2,355	2,200	102,695	147,027
Profit for the year	–	–	–	–	10,094	10,094
Other comprehensive expense	–	–	–	–	(1)	(1)
Profit and total comprehensive income for the year	–	–	–	–	10,093	10,093
At 31 March 2024 and 1 April 2024	8,000	31,777	2,355	2,200	112,788	157,120
Loss for the year	–	–	–	–	(12,292)	(12,292)
Other comprehensive income	–	–	–	–	100	100
Loss and total comprehensive expense for the year	–	–	–	–	(12,192)	(12,192)
At 31 March 2025	8,000	31,777	2,355	2,200	100,596	144,928

Notes:

1. Pursuant to the Companies law of the Cayman Islands and the Company's Articles of Association, the share premium of the Company is distributable to the equity holders 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.

2. The property revaluation reserve represents cumulative gains and losses arising from revaluation of the leasehold land and building in Hong Kong upon transfer to investment property. Such item will not be reclassified to profit or loss in subsequent periods.

3. Other reserve represents the aggregate of the share capital of the Group's two operating subsidiaries, namely Fulam Engineering Hong Kong Limited and Fulam Construction Engineering Company Limited, which were acquired by Idea Lion Limited and Diamond Step Ventures Limited, respectively, by issuing their respective new shares to the controlling shareholders pursuant to the corporate reorganisation in 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(12,391)**	11,436
Adjustments for:		
Bank interest income	**(324)**	(125)
Interest income received from the loan to a joint venture	**(2,592)**	(884)
Change in fair value of financial assets at FVTPL	**649**	1,435
Change in fair value of investment property	**200**	200
Depreciation of property, plant and equipment	**1,461**	1,457
Depreciation of right-of-use assets	**1,703**	1,544
Finance costs	**4,916**	4,146
Allowance recognised on trade receivables	**2,502**	2,030
Allowance recognised on contract assets	**2,002**	2,403
Allowance recognised (reversal of allowance) on other receivables	**200**	(185)
Allowance recognised on loan to a joint venture	**16,150**	–
Write-off of trade receivables and contract assets	**–**	(2,179)
Operating cash flows before movements in working capital	**14,476**	21,278
Decrease (increase) in trade and other receivables	**18,640**	(15,004)
Decrease (increase) in contract assets	**16,316**	(33,034)
(Decrease) increase in trade and other payables	**(10,483)**	39,282
Cash generated from operations	**38,949**	12,522
Hong Kong Profits Tax paid	**(962)**	(3,891)
NET CASH FROM OPERATING ACTIVITIES	**37,987**	8,631
INVESTING ACTIVITIES		
Loan to a joint venture	**(29,260)**	(12,291)
Placement of pledged bank deposits	**(14,702)**	(9,511)
Purchase of property, plant and equipment	**(143)**	(184)
Release of pledged bank deposits	**9,511**	–
Interest received	**324**	125
Subscription of a financial asset at FVTPL	**–**	(8,500)
Payments for right-of-use asset	**–**	(362)
NET CASH USED IN INVESTING ACTIVITIES	**(34,270)**	(30,723)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(396,170)**	(83,632)
Repayment of other borrowing	**(5,500)**	–
Interest paid	**(4,916)**	(4,146)
Repayment of lease liabilities	**(1,882)**	(1,573)
New bank borrowings raised	**395,871**	90,017
New other borrowing raised	**12,000**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(597)**	666
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,120**	(21,426)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**22,535**	43,961
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**25,655**	22,535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Chi Ho Development Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 18 October 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 March 2017. The ultimate and immediate holding companies are two companies namely, Sharp Talent Holdings Limited and Diamondfield Holdings Limited, which are owned by Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan, respectively, who are the ultimate controlling parties, the directors of the Company and parties acting in concert.

The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, the Cayman Islands. The address of the principal place of business of the Company is Units 901, 902 & 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS7	Supplier Finance Arrangements
Hong Kong Interpretation 5 ("**HK Int 5**") (Revised)	Presentation of Financial Statement — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting standard	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21 and HKAS 1	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of assessing the impact of these new and amendments to HKFRs Accounting Standards. So far it has concluded that the adoption of these standards is unlikely to have a significant impact on the consolidated financial statements except for HKFRS 18 Presentation and Disclosure in Financial Statements which is detailed below.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets at fair value through profit and loss and investment property. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

Investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

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

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

The material accounting policy information are set out below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

Interests in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Interests in joint ventures (Continued)

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue from contracts with customers

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

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

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

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

Recognition of revenue from building renovation and construction services

The Group provides building renovation and construction services under contract with customers. Such contracts are entered into before the building renovation and construction services begin. Under the terms of the contracts, the Group's performance creates or enhances an asset that the customer controls which referred as designated areas where the building renovation and construction services are performed. Revenue from building renovation and construction services is therefore recognised over time, using the output method.

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

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

Variable consideration

For contracts that contain variable consideration (i.e. variation orders), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

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

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of car parking spaces and office premise that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases is recognised as expense on a straight-line basis or another systematic basis over the lease term.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying leased asset at the end of the lease term is depreciated from commencement date to the end of the useful life.

When the Group obtains ownership of the underlying leased asset at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

Lease liability

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

The lease payments include:

- fixed payments (including in-substance fixed payments); and

- the exercise price of a purchase option if the Group is reasonably certain to exercise the option.

After the commencement date, lease liability is adjusted by interest accretion and lease payments.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

For leasing transactions in which the tax deductions are attributable to lease liability, the Group apples HKAS 12 requirements to the lease liabilities and related asset separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment and right-of-use asset (Continued)

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

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

The Group performs impairment assessments under ECL model on financial assets (including trade and other receivables, contract assets, deposits, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing components. The ECL on these assets are either assessed individually for debtors with significant balances or on a collective basis with appropriate groupings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

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

Generally, the ECL is 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.

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the directors have been in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment assessment of ECL for contract assets

As explained in note 3.2, ECL are measured as an allowance equal to lifetime ECL for low risk and watch list assets, or lifetime ECL for doubtful assets. An asset moves to doubtful, 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.

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities arising from investment property that is measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment property measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment property as the Group is not subject to any income taxes on the fair value changes of the investment property on disposal.

Key sources of estimation uncertainty

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

Recognition of contract revenue arising from building renovation and construction services

During the year ended 31 March 2025, the Group recognises contract revenue arising from building renovation and construction services of approximately HK$497,120,000 (2024: HK$352,509,000) by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period, measured based on output method and the surveys of work performed to date. Notwithstanding that the management of the Group frequently reviews and revises the estimates of total contract revenue as the contract progresses, the actual outcome of the contracts in terms of its total revenue may be higher or lower than the estimates and this will affect the recognition of revenue.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of ECL for contract assets

The management of the Group together with an independent qualified professional valuer engaged by the Group estimates the amount of impairment loss for ECL on contract assets by first identifying significant balances for individual assessment and for the remaining balances, on a collective basis through grouping of various customers that have similar credit risk characteristics by reference to the nature and industry of customers. Internal credit rating has been given to each category of customers after considering aging, repayment history and past due status of respective customers. Estimated loss rates are based on probability of default and loss given default and are adjusted for forward-looking information. The credit loss allowance amount of the contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

As at 31 March 2025 and 2024, the carrying amounts of contract assets were approximately HK$194,554,000 (net of allowance of HK$6,196,000) and HK$212,872,000 (net of allowance of HK$4,194,000), respectively.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's contract assets is disclosed in note 33(b).

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group in respect of provision of the building renovation and construction services (which included new capital works, site formation and geotechnical works, and renovation and maintenance works, alteration and addition works and fitting-out works) to external customers and rental income from property leasing.

For the purposes of resources allocation and performance assessment, the chief operating decision maker, being the executive directors of the Company, reviews the overall results and financial position of the Group as a whole prepared based on the same set of material accounting policy information as set out in note 3.2. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

1. Building renovation and construction service — new capital works, site formation and geotechnical works and renovation and maintenance works, alteration and addition works and fitting-out works in Hong Kong; and

2. Property — property investment in Hong Kong

5. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Reportable segment revenue and profit or loss

An analysis of the Group's reportable segment revenue and segment results by reportable and operating segment is as follows:

For the year ended 31 March 2025

	Building renovation and construction service HK$'000	Property HK$'000	Total HK$'000
Revenue			
New capital works	29,682	–	29,682
Renovation and maintenance works	262,861	–	262,861
Alteration and addition works, and fitting-out works	104,467	–	104,467
Mixed projects (note)	100,110	–	100,110
Revenue from contracts with customers	497,120	–	497,120
Revenue from property leasing	–	394	394
Total segment revenue	497,120	394	497,514
Timing of revenue recognition			
— Over time	497,120	–	497,120
Revenue from contracts with customers	497,120	–	497,120
Reportable segment results	10,516	(23)	10,493
Other income			3,186
Administrative expenses			(20,954)
Finance costs			(4,916)
Loss before taxation			(12,191)

Note: Mixed projects represent the mixture of both renovation and maintenance works and alteration and addition works, and fitting-out works provided in a project.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Reportable segment revenue and profit or loss (Continued)

For the year ended 31 March 2024

	Building renovation and construction service HK$'000	Property HK$'000	Total HK$'000
Revenue			
New capital works	7,078	–	7,078
Renovation and maintenance works	195,644	–	195,644
Alteration and addition works, and fitting-out works	113,927	–	113,927
Mixed projects (note)	35,860	–	35,860
Revenue from contracts with customers	352,509	–	352,509
Revenue from property leasing	–	394	394
Total segment revenue	352,509	394	352,903
Timing of revenue recognition			
— Over time	352,509	–	352,509
Revenue from contracts with customers	352,509	–	352,509
Reportable segment results	35,900	129	36,029
Other income			1,017
Administrative expenses			(21,464)
Finance costs			(4,146)
Profit before taxation			11,436

Note: Mixed projects represent the mixture of both renovation and maintenance works and alteration and addition works, and fitting-out works provided in a project.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2025 HK$'000	2024 HK$'000
Segment assets		
— Building renovation and construction	**355,510**	372,571
— Property	**7,800**	8,000
Unallocated corporate assets		
— Financial asset at FVTPL	**16,036**	16,685
Consolidated total assets	**379,346**	397,256
Segment liabilities		
— Building renovation and construction	**233,175**	238,632
— Property	**1,243**	1,504
Consolidated total liabilities	**234,418**	240,136

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Performance obligations for contracts with customers

The Group provides new capital works, site formation and geotechnical work and renovation and maintenance works, alteration and addition works and fitting-out works to external customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the surveys of work performed to date and other supporting information during the period by using the output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or progress of the projects. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers contract assets to trade receivables when the Group issued the invoices to bill the customers.

Unbilled retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

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

The transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 March 2025 and 2024 for contracts with customers that remain outstanding as at reporting date and the expected timings of recognising revenue are as follows:

	New capital works HK$'000	Renovation and maintenance works HK$'000	Alteration and addition works and fitting-out works HK$'000	Mixed projects HK$'000	Total HK$'000
As at 31 March 2025					
Within one year	**28,520**	**245,290**	**101,531**	**11,537**	**386,878**
More than one year but not more than two years	**–**	**–**	**–**	**–**	**–**
	28,520	**245,290**	**101,531**	**11,537**	**386,878**

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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

	New capital works HK$'000	Renovation and maintenance works HK$'000	Alteration and addition works and fitting-out works HK$'000	Mixed projects HK$'000	Total HK$'000
As at 31 March 2024					
Within one year	58,202	432,396	122,335	103,822	716,755
More than one year but not more than two years	–	91,584	–	–	91,584
	58,202	523,980	122,335	103,822	808,339

(c) Geographical information

The Group's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location of the relevant entities' operations.

(d) Information about major customers

Customers individually contributing over 10% of the Group's revenue during the years are as follows:

	2025 HK$'000	2024 HK$'000
Customer A	**N/A#**	48,040
Customer B	**127,858**	40,065
Customer C	**70,239**	N/A#

Revenue from this customer is individually less than 10% of the total revenue of the Group for the respective year.

6. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Bank interest income	**324**	125
Interest income received from the loan to a joint venture	**2,592**	884
Others	**270**	8
	3,186	1,017

7. ALLOWANCE RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2025 HK$'000	2024 HK$'000
Allowance recognised under ECL model on trade receivables	**2,502**	2,030
Allowance recognised under ECL model on contract assets	**2,002**	2,403
Allowance recognised (reversal of allowance) under ECL model on other receivables and deposits	**200**	(185)
	4,704	4,248

8. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interests on:		
Factoring loans	**1,156**	959
Bank loans	**3,076**	2,958
Other borrowing	**520**	—
Lease liabilities	**164**	229
	4,916	4,146

9. INCOME TAX (CREDIT) EXPENSE

	2025 HK$'000	2024 HK$'000
Hong Kong Profits Tax		
— Current year	**627**	1,474
— Under provision in prior years	**–**	49
	627	1,523
Deferred taxation (note 28)	**(726)**	(181)
	(99)	1,342

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, Hong Kong Profits Tax of a subsidiary, namely Fulam Construction Engineering Company Limited, for both years is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. For other entities of the Group, they are taxed at a flat rate of 16.5% for both years.

A one-off reduction of profits tax for the year ended 31 March 2025 by 100%, subject to a ceiling of HK$1,500 (2024: HK$3,000).

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

	2025 HK$'000	2024 HK$'000
(Loss) profit before taxation	**(12,391)**	11,436
Tax at Hong Kong Profits Tax rate of 16.5%	**(2,045)**	1,887
Tax effect of income not taxable for tax purpose	**(551)**	(428)
Tax effect of expenses not deductible for tax purpose	**2,665**	5
Under provision in prior years	**–**	49
Income tax at concessionary rate	**(165)**	(165)
Tax benefits	**(3)**	(6)
Income tax (credit) expense for the year	**(99)**	1,342

Details of deferred taxation are set out in note 28.

10. (LOSS) PROFIT FOR THE YEAR

	2025 HK$'000	2024 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration (note 12)	**6,116**	5,848
Other staff costs:		
Salaries and other allowances	**29,897**	22,535
Retirement benefits scheme contributions	**1,182**	821
Provision for long service payment	**74**	67
	31,153	23,423
Total staff costs	**37,269**	29,271
Auditor's remuneration	**750**	750
Change in fair value of investment property	**200**	200
Change in fair value on financial assets at FVTPL	**649**	1,435
Depreciation of property, plant and equipment	**1,461**	1,457
Depreciation of right-of-use assets	**1,703**	1,544
Direct operating expense of investment property	**217**	65

11. DIVIDENDS

No dividends were declared and proposed by the Company during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Director's fees HK$'000	Salaries and other allowances HK$'000	Bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2025					
Executive directors:					
Mr. Leung Ka Ho, Raymond (Chief Executive)	**–**	**2,275**	**525**	**18**	**2,818**
Mr. Ho Chi Kwan	**–**	**2,275**	**525**	**18**	**2,818**
Independent non-executive directors:					
Mr. Leung Hung Kwong, Derrick	**144**	**–**	**–**	**–**	**144**
Mr. Moy Yee Wo, Matthew	**144**	**–**	**–**	**–**	**144**
Mr. Yau Sze Yeung	**144**	**–**	**–**	**–**	**144**
Ms. Ho Wing Shan (Note)	**48**	**–**	**–**	**–**	**48**
	480	**4,550**	**1,050**	**36**	**6,116**

	Director's fees HK$'000	Salaries and other allowances HK$'000	Bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2024					
Executive directors:					
Mr. Leung Ka Ho, Raymond (Chief Executive)	–	2,195	495	18	2,708
Mr. Ho Chi Kwan	–	2,195	495	18	2,708
Independent non-executive directors:					
Mr. Leung Hung Kwong, Derrick	144	–	–	–	144
Mr. Moy Yee Wo, Matthew	144	–	–	–	144
Mr. Yau Sze Yeung	144	–	–	–	144
	432	4,390	990	36	5,848

The executive directors' and chief executive's emoluments shown above are for their services in connection with the management of the affairs of the Company and the Group.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

During both years, directors' fees were paid by the Company, while salaries and other allowances and bonuses of directors were paid by its subsidiary, Fulam Construction Engineering Company Limited.

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

The bonuses are determined with reference to the financial performance of the Group.

During the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the years ended 31 March 2025 and 2024, the Group had not entered into any transaction, arrangement or contract in which the directors of the Company have a material interest.

Note:

Ms. Ho Wing Shan was appointed as an independent non-executive director of the Company on 2 December 2024.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year ended 31 March 2025 included two (2024: two) directors, details of whose emoluments are set out in note 12 above. Details of the emoluments of the remaining three (2024: three) individuals during the years ended 31 March 2025 and 2024 were as follows:

	2025	2024
	HK$'000	HK$'000
Salaries and other allowances	**2,904**	2,866
Retirement benefits scheme contributions	**54**	54
	2,958	2,920

The emoluments were within the following band:

	2025 No. of individuals	2024 No. of individuals
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1

During the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. (LOSS) EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 March 2025 is based on the loss for the year of approximately HK$12,292,000 (2024: profit for the year of approximately HK$10,094,000) and the weighted average number of ordinary shares in issue during the year ended 31 March 2025 of 800,000,000 (2024: 800,000,000).

No diluted (loss) earnings per share is presented for both years as there was no potential ordinary share outstanding.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	**Furniture and equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
COST				
At 1 April 2023	6,196	1,286	1,578	9,060
Additions	–	114	70	184
Disposal	–	–	(1,512)	(1,512)
At 31 March 2024 and 1 April 2024	6,196	1,400	136	7,732
Additions	–	143	–	143
Disposal	–	(30)	–	(30)
At 31 March 2025	6,196	1,513	136	7,845
ACCUMULATED DEPRECIATION				
At 1 April 2023	1,554	696	1,556	3,806
Provided for the year	1,239	199	19	1,457
Elimination on disposal	–	–	(1,512)	(1,512)
At 31 March 2024 and 1 April 2024	2,793	895	63	3,751
Provided for the year	1,239	200	22	1,461
Elimination on disposal	–	(30)	–	(30)
At 31 March 2025	4,032	1,065	85	5,182
CARRYING VALUES				
At 31 March 2025	2,164	448	51	2,663
At 31 March 2024	3,403	505	73	3,981

The above items of property, plant and equipment are depreciated over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of lease term or 20%
Furniture and equipment	20%
Motor vehicles	20%

16. RIGHT-OF-USE ASSETS

	Leased property HK$'000	Motor vehicle HK$'000	Total HK$'000
At 31 March 2025			
Carrying amount	669	1,293	1,962
At 31 March 2024			
Carrying amount	2,008	1,158	3,166
For the year ended 31 March 2025			
Depreciation charge	1,339	364	1,703
For the year ended 31 March 2024			
Depreciation charge	1,340	204	1,544

	2025 HK$'000	2024 HK$'000
Expense relating to short-term leases	**274**	223
Total cash outflow for leases	**2,320**	2,025
Addition to right-of-use assets	**499**	1,362

For the year ended 31 March 2025, the Group lease a property for its operation. Lease contract is entered into for a fixed term of 4 years, and has no extension and termination options. The right-of-use asset is depreciated over its useful life of 4 years. Lease terms are negotiated on an individual basis and contain different terms and conditions.

The lease of a property was under a lease during the years ended 31 March 2025 and 2024 and carried interest at a rate of 5.50% per annum. Lease terms are negotiated on an individual basis. 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.

For the years ended 31 March 2025 and 2024, the Group leased a motor vehicle for its operation. Lease contract was entered into for a fixed term of 4 years (2024: 4 years), and had no extension and termination options. The right-of-use asset was depreciated over its useful life of 5 years (2024: 5 years). The ownership of the motor vehicle would be transferred to the Group by paying HK$800 (2024: HK$800) as purchase option fee at the end of the lease term.

16. RIGHT-OF-USE ASSETS (Continued)

The leases of motor vehicle were under a lease during the years ended 31 March 2025 and 2024 and carried interest at a rate of 3.50% per annum. Leases term was negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determined the period for which the contract was enforceable.

17. INVESTMENT PROPERTY

The Group leases out office under operating lease with rentals receivables monthly. The lease runs for a period of 1 year (2024: 2 years).

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease denominated in the respective functional currencies of the Group's entity. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment property HK$'000
FAIR VALUE	
At 1 April 2023	8,200
Change in fair value recognised in profit or loss	(200)
At 31 March 2024 and 1 April 2024	8,000
Change in fair value recognised in profit or loss	(200)
At 31 March 2025	7,800

As at 31 March 2025, the carrying amount of investment property pledged as security for the Group's bank borrowing set out in note 26 amounted to HK$7,800,000 (2024: HK$8,000,000).

The fair values of the Group's investment property as at 31 March 2025 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by independent qualified professional valuers not connected to the Group.

In estimating the fair values of the investment property, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified professional valuer to perform the valuation. Management works closely with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs and data to the model. Management reports the valuation and findings to directors semi-yearly to explain the cause of fluctuations in the fair value of the investment property.

As at 31 March 2025 and 2024 , the independent qualified professional valuers adopted direct comparison approach by making reference to comparable sales evidences as available in the relevant market to reflect current market conditions as of the respective dates to arrive the fair values of the investment property.

17. INVESTMENT PROPERTY (Continued)

As at 31 March 2025 and 2024, the key inputs and data used in valuing the investment property by the independent qualified professional valuers under the aforesaid approach was market observable transactions of similar properties. A significant increase in the market transaction price used would result in a significant increase in fair value measurement of the investment property, and vice versa.

The following table gives information about how the fair value of the investment property as at 31 March 2025 and 2024 is determined (in particular, the valuation techniques and inputs and data used), as well as the fair value hierarchy into which the fair value measurement is categorised (Levels 1 to 3) based on the degree to which the inputs and data to the fair value measurements is observable.

Category	Fair value hierarchy	Valuation technique and key inputs and data	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Fair value per square feet	Sensitivity
Office unit in Hong Kong 2025: HK$7,800,000 (2024: HK$8,000,000)	Level 3	Direct comparison approach — based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property	Adjusted transaction price	2025: approximately HK$3,100 (2024: HK$3,200)	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

There was no transfer into or out of Level 3 during the years ended 31 March 2025 and 2024.

18. INTEREST IN A JOINT VENTURE

	2025 HK$'000	2024 HK$'000
Cost of investment in a joint venture (Note 1)	**–**	–
Share of post-acquisition profits and other comprehensive income	**–**	–
Loan to a joint venture (Note 2)	**51,492**	19,640
Less: allowance for credit loss (Note 33(b))	**(16,150)**	–
	35,342	19,640

Note 1:

On 8 August 2022, the Group acquired 25% of the issued share capital of Acasa Property Limited ("**Acasa**") with a consideration of HK$1, which wholly owned 100% of the issued share capital of K18 Property Limited ("**K18**"). Acasa and K18 became the associates to the Company upon acquisition. Furthermore, on 19 January 2023, the Group has completed the acquisition of an additional 25% of the issued share capital of Acasa with a consideration of HK$1 and Acasa and K18 became the joint ventures owned as to 50% by the Company.

Note 2:

The amount is unsecured, interest bearing at 1- month HIBOR + 2.85% per annum and has no fixed terms of repayment. As at 31 March 2025, the outstanding commitment for the Group to provide shareholder's loan to the joint venture of approximately HK$Nil (2024: HK$20,359,000).

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ registration	Issued and paid up capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025	2024	**2025**	2024	
Acasa	Hong Kong	8,000 ordinary shares with paid up capital of HK$107,000	**50%**	50%	**50%**	50%	— Investment holding
K18	Hong Kong	1 ordinary share with paid up capital of HK$1	**50%**	50%	**50%**	50%	— Property development and sales of properties

K18 wholly owns a piece of land located in Kimberley Street in Hong Kong and gives an opportunity for the Group to undertake more sizeable construction projects and to broaden the Group's customer base.

18. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards.

The joint venture is accounted for using the equity method in these consolidated financial statements.

Acasa

	2025	2024
	HK$'000	HK$'000
Current assets	**2,463**	2,306
Non-current assets	**218,522**	210,602
Current liabilities	**(253,017)**	(213,111)
Non-current liabilities	**–**	–

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	**1,207**	1,050
Current financial liabilities (excluding trade and other payables and provisions)	**(251,267)**	(212,301)
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–

	2025	2024
	HK$'000	HK$'000
Revenue	**–**	–
Loss for the year	**(32,204)**	(96)

	2025	2024
	HK$'000	HK$'000
The unrecognised share of loss of a joint venture for the year	**(16,102)**	(48)
Cumulative unrecognised share of loss of a joint venture	**(16,151)**	(49)

19. FINANCIAL ASSETS AT FVTPL

Fulam Construction has entered into two life insurance policies to insure the chief financial officer and an executive director of the Company for the years ended 31 March 2024 and 2025.

Under the policies, the beneficiary and policy holder is Fulam Construction. Fulam Construction is required to pay an upfront payment for the policies. Fulam Construction may request a partial surrender or full surrender of the policies at any time and receive cash back based on the value of the policies at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated interest earned and minus policy expense and insurance premium charged (the "**Cash Value**"). If such withdrawal is made at any time during the 1st to the 18th policy year, as appropriate, a pre-determined specified surrender charge would be imposed. The financial assets at FVTPL carry guaranteed interests at interest rates ranging from 2% to 5.25% plus a premium determined by the insurance company during the tenures of the policies.

Particulars of the policies are as follows:

		Guaranteed interest rates	
Insured sum	**Upfront payment**	**First year**	**Second year and onwards**
US$6,100,000 (equivalent to approximately HK$47,580,000)	Approximately US$1,276,000 (equivalent to approximately HK$10,027,000)	4.25% per annum	2% per annum
US$3,100,000 (equivalent to approximately HK$24,180,000)	Approximately US$1,085,000 (equivalent to approximately HK$8,500,000)	5.25% per annum	2% per annum

The financial assets at FVTPL is categorised in Level 2 of the fair value hierarchy.

This financial assets were mandatorily classified as financial assets at FVTPL under HKFRS 9 as their contractual cash flows are not solely payments of principal and interest. The carrying amount of the financial assets at FVTPL as at 31 March 2024 and 2025 approximate the Cash Value of the insurance policies and the expected life of the policies remained unchanged from the initial recognition. The entire balance of the life insurance policies are denominated in United States dollar ("**US$**").

20. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables (note i)	**39,375**	42,136
Less: allowance for credit loss	**(4,612)**	(2,110)
	34,763	40,026
Other receivables	**19,571**	14,554
Deposits for surety bonds (note ii)	**13,608**	18,371
Project deposits placed with customers	**620**	574
Prepaid subcontractor fee	**7,107**	23,091
Rental, utility, other deposits and prepaid expenses	**3,209**	3,404
	44,115	59,994
Less: allowance for credit loss	**(605)**	(405)
	43,510	59,589
Total trade and other receivables	**78,273**	99,615

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) The trade receivables of approximately HK$22,086,000 (2024: HK$29,902,000) were pledged to a bank for factoring loans of approximately HK$20,000,000 (2024: HK$19,111,000) as at 31 March 2025.

(ii) The amount represents the deposits as collateral security for surety bonds in respect of construction contracts issued by insurance companies in favour of the Group's customers. The deposits will be refunded to the Group upon practical completion or at the end of the defect liability period of the relevant construction contracts. The Group classified these deposits as current because the Group expects to realise them in the normal operating cycle.

The Group allows a credit period ranging from 7 to 60 days to its customers for its trade receivables.

The following is an ageing analysis of trade receivables presented based on invoice dates at the end of the reporting period:

	2025 **HK$'000**	2024 HK$'000
0–30 days	**23,503**	26,486
31–60 days	**92**	705
61–90 days	**2,399**	1,201
Over 90 days	**8,769**	11,634
	34,763	40,026

As at 31 March 2025, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately HK$11,260,000 (2024: HK$13,540,000), which are past due as at the reporting date. Out of the past due balances, approximately HK$7,859,000 (2024: HK$11,634,000) has been past due 90 days or more and is not considered as in default as those customers have good historical settlement records and continuous business relationship with the Group, and so the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 33(b).

21. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Contract assets	**200,750**	217,066
Less: allowance for credit loss	**(6,196)**	(4,194)
	194,554	212,872
Analysed as current:		
Unbilled revenue of building renovation and construction services	**108,062**	142,759
Unbilled retention receivables of building renovation and construction services	**86,492**	70,113
	194,554	212,872

The unbilled retention receivables are to be settled, based on the completion of defect liability period, at the end of each reporting period as follows:

	2025 HK$'000	2024 HK$'000
Due within one year	**43,880**	41,168
Due after one year	**42,612**	28,945
	86,492	70,113

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the Group issued the invoices to bill the customers. The Group classified the contract assets as current because the Group expects to realise them in the normal operating cycles.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

- The Group's construction contracts include payment schedules which require stage payments over the construction services period once certain specified milestones are reached.

- The Group also typically agrees to a retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the defect liability period as the Group's entitlement to this final payment is conditional on customer acceptance usually being 1 to 2 years from the date of completion of construction projects.

Details of impairment assessment on contract assets are set out in note 33(b).

22. TRANSFER OF FINANCIAL ASSETS

The following was the Group's trade receivables as at 31 March 2025 and 2024 that were transferred to a bank by factoring them on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise their full carrying amounts and has recognised the cash received on the transfer as secured borrowings (see note 26). Trade receivables are carried at amortised cost in the consolidated statement of financial position.

	2025 **HK$'000**	2024 HK$'000
Carrying amount of trade receivables	**22,086**	29,902
Carrying amount of associated liabilities	**(20,000)**	(19,111)
	2,086	10,791

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2025, pledged bank deposits carried interest at a fixed rate of 2.00% (2024: 2.00%) per annum. Pledged bank deposits represented deposits pledged to a bank to secure the short-term bank loans and other general banking facilities granted to the Group. The pledged bank deposits would be released upon the termination of relevant bank loans and other general banking facilities.

Bank balances and cash comprise cash on hand and bank balances. Bank balances carry interest at a prevailing market interest rate of 0.25% (2024: 0.88%) per annum.

24. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	**56,423**	48,167
Accrued subcontracting charges	**10,581**	45,444
Deposits received (note i)	**66**	66
Other accruals	**3,578**	3,100
Provision for long service payment (note iii)	**326**	352
Retention payables to subcontractors (note ii)	**57,018**	41,446
Total trade and other payables	**127,992**	138,575

The credit period on trade payables ranges from 0 to 30 days.

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
0–30 days	**21,029**	17,440
31–60 days	**2,775**	4,298
61–90 days	**13,264**	8,620
Over 90 days	**19,355**	17,809
	56,423	48,167

Notes:

(i) The amounts represent deposits received from subcontractors for the purpose of securing their performance in respect of building renovation and construction services in favour of the Group.

(ii) Retention payables to subcontractors are interest-free and payable at the end of the defect liability period of individual contracts, normally one to two years from the completion date of the respective project.

The retention payables are expected to be settled, based on the expiry date of the defect liability period, at the end of the reporting period as follows:

	2025 HK$'000	2024 HK$'000
Due within one year	**31,699**	26,499
Due after one year	**25,319**	14,947
	57,018	41,446

24. TRADE AND OTHER PAYABLES (Continued)

Notes:

(iii) The present value of unfunded obligations and its movements are as follows:

	2025 HK$'000	2024 HK$'000
At 1 April	352	284
Remeasurements recognised in other comprehensive income:		
Actuarial losses arising from changes in financial assumptions	(100)	1
Expenses recognised in profit or loss:		
Current service cost	61	58
Interest cost	13	9
At 31 March	326	352

The weighted average duration of the defined benefit obligation is 24 years (2024: 25 years).

The above expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2025 HK$'000	2024 HK$'000
Administrative expense	74	67

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2025 %	2024 %
Discount rate	3.04	4.07
Future salary increases	3.13	3.19
Expected investment return on offsettable MPF accrued benefits	3.10	2.50

The below analysis shows how the provision of long service payments would have increased/decreased as a result of 0.5% change in the significant actuarial assumptions:

	Increase in 0.5%		Decrease in 0.5%	
	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Discount rate	(18)	(19)	19	20
Future salary increases	1	1	(1)	(1)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

25. OTHER BORROWING

As at 31 March 2025, other borrowing is from an ultimate holding company, Sharp Talent Holding Limited, amounted to approximately HK$6,500,000 which is unsecured, interest-bearing at 10% per annum and repayable within twelves months from the end of the reporting period.

26. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Secured bank borrowings:		
Bank loans	**75,810**	76,998
Factoring loans	**20,000**	19,111
	95,810	96,109
Carrying amounts repayable (note):		
Within one year	**92,030**	91,151
More than one year, but not exceeding two years	**1,202**	1,166
More than two years, but not exceeding five years	**2,578**	3,489
More than five years	**–**	303
Amount shown under current liabilities	**95,810**	96,109

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

Bank loans carry interest at Hong Kong Prime Rate ("**HKPR**") of the relevant bank minus 2.25% (2024: HKPR of the relevant bank minus 2.25%) per annum or one-month HIBOR plus 1.9% (2024: one-month HIBOR plus 1.9%) per annum. Factoring loans carry interest at Hong Kong Dollar Best Lending Rate minus 0.15% ("**HKD BLR**") per annum (2024: HKD BLR) per annum.

The range of effective interest rates on bank borrowings as at 31 March 2025 (which are also equal to contracted interest rates) is 3.00% to 5.70% (2024: 3.63% to 6.73%) per annum.

As at 31 March 2025 and 2024, except for a banking facility covering a bank loan of HK$3,710,000 (2024: HK$4,588,000) which is secured by personal guarantees provided by the executive directors of the Company, the remaining banking facilities are secured by a legal charge over the property held by Fulam Construction Engineering Company Limited, a subsidiary of the Company and financial assets at FVTPL as disclosed in note 36.

27. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	**1,158**	1,731
More than one year, but not exceeding two years	**363**	1,035
More than two years, but not exceeding five years	**93**	231
	1,614	2,997
Less: Amounts due for settlement within 12 months shown under current liabilities	**(1,158)**	(1,731)
Amounts due for settlement after 12 months shown under non-current liabilities	**456**	1,266

The lease liabilities were measured at the present value of the lease payments that are not yet paid at the incremental borrowing rate at range from 3.5% to 5.5% (2024: 3.5% to 5.5%).

28. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	2025 HK$'000	2024 HK$'000
Deferred tax assets	**1,883**	1,107
Deferred tax liabilities	**(341)**	(291)
	1,542	816

	Accelerated tax depreciation HK$'000	Loss allowance for trade and other receivables and contract assets HK$'000	Total HK$'000
At 1 April 2023	(75)	710	635
Credit to profit or loss	(216)	397	181
At 31 March 2024 and 1 April 2024	(291)	1,107	816
Credit to profit or loss	(50)	776	726
At 31 March 2025	(341)	1,883	1,542

29. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Authorised		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	2,000,000,000	20,000
Issued and fully paid		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	800,000,000	8,000

The Group's objective 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's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt net of cash and cash equivalents and equity.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

The externally imposed capital requirements for the Group that in order to maintain its listing on the Stock Exchange is to have a public float of at least 25% of the shares of the Company throughout the year. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 31 March 2025 and 2024.

30. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "**Scheme**") adopted on 22 February 2017 for the primary purpose of providing incentives to directors, eligible employees, consultant or adviser of the Group, the directors, employees, consultant or adviser of the Group may, at the discretion of the directors, be granted options to subscribe for shares in the Company at a price determined by its directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of grant of the option.

Without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, and the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The Scheme will remain in force for a period of ten years from the date of its adoption. Options granted must be taken up not later than 5 days after the date of grant. A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

The exercisable period of an option, which shall not exceed 10 years from the date of grant, is determined by the Board of Directors of the Company at their discretion.

No options have been granted since its adoption.

31. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2025, the Group's maximum obligations in respect of the bank facilities provided to K18, a wholly owned entity of the joint venture of the Company for the utilised bank facilities amounted to approximately HK$60,400,000 (2024: HK$60,400,000).

During the years ended 31 March 2025 and 2024, the Company provided corporate guarantee to the K18, a wholly owned entity of the joint venture of the Company for the utilised bank facilities. Pursuant to the terms of the guarantee, upon default on the bank facilities, the Company is responsible for repaying the outstanding amount to the bank.

In the opinion of the directors, the fair values of this financial guarantee contract of the Company are insignificant at initial recognition and the directors consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of this guarantee contract and at the end of the each reporting period.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities as disclosed in notes 26 and 27, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, share premium, other reserve and retained profits.

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

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Amortised cost	**143,981**	125,183
Financial assets at FVTPL	**16,036**	16,685
	160,017	141,868
Financial liabilities		
Amortised cost	**215,751**	185,722

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, deposits, pledged bank deposits, bank balances, financial assets at FVTPL, trade and other payables, other borrowing and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and lease liabilities as set out in notes 23 and 27. The Group is also exposed to cash flow interest rate risk in relation to bank balances and bank borrowings as set out in notes 23 and 26, which are arranged at floating rate. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HKPR of the relevant bank, HKD BLR and HIBOR arising from the Group's bank borrowings.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2025 would be decreased/increased by approximately HK$400,000 (2024: HK$401,000).

In management's opinion, the sensitivity analysis is the best estimation for the inherent interest rate risk exposure as at the end of the reporting period.

Other price risk

The Group's key man life insurance policies are exposed to price risk as it is classified as financial assets at FVTPL. As at 31 March 2025, if Cash Value as defined in note 19 had been 5% (2024: 5%) higher/lower, the Group's post-tax profit for the year ended would be approximately HK$802,000 (2024: HK$834,000) higher/lower.

Credit risk and impairment assessment

As at 31 March 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group is exposed to concentration of credit risk in relation to its trade receivables and contract assets from the Group's five major customers amounted to approximately HK$29,839,000 and HK$105,531,000 (2024: HK$21,044,000 and HK$106,105,000) respectively which accounted for approximately 86% and 54% (2024: 53% and 50%) of the Group's trade receivables and contract assets respectively. The major customers of the Group are certain reputable corporations and the incorporated owners of buildings. The management of the Group considers that the credit risk is limited in this regard.

The Group is exposed to concentration of credit risk in relation to its other receivables and deposits from the Group's five major debtors amounted to approximately HK$24,903,000 (2024: HK$26,756,000) which accounted for approximately 57% (2024: 77%) of the Group's total other receivables and deposits. The major debtors of the Group are certain insurance companies and subcontractors with existing and ongoing business relationship. The management of the Group considers that the credit risk is limited in this regard.

Other than disclosed above, the Group does not have any other significant concentration of credit risk.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Trade receivables arising from contracts with customers

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, 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 historically observed default rates over the expected life of the debtors, adjusted for forward-looking information.

Contract assets arising from contracts with customers

The Group performs impairment assessment under ECL model on contract assets either individually for those contract assets with significant balances or on a collective basis through grouping of various contract assets that have similar credit risk characteristics by reference to the nature and industry of debtors of contract assets. Estimated loss rates are based on probability of default and loss given default with reference to internal credit rating and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. The credit loss allowance amount of contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and deposits

The Group assessed the impairment for its other receivables and deposits based on internal credit rating of these debtors which, in the opinion of the directors of the Company, have no significant increase in credit risk since initial recognition except for those assessed as doubtful. Estimated loss rate is based on probability of default and loss given default with reference to historical data and is adjusted for forward-looking information that is available without undue costs or effort. The aggregate loss allowance for other receivables and deposits was approximately HK$605,000 (2024: HK$405,000) as at 31 March 2025.

Loan to a joint venture

For loan to a joint venture assessed under lifetime ECLs, the directors of the Company believe that there has significant increase in credit risk of this amount for the year ended 31 March 2025. The aggregate loss allowance for loan to a joint venture was approximately HK$16,150,000 (2024: Nil) as at 31 March 2025.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged bank deposits/bank balances

The Group is exposed to concentration of credit risk in relation to its pledged bank deposits and bank balances placed with a bank amounted to approximately HK$39,691,000 (2024: HK$31,420,000) which accounted for approximately 98% (2024: 98%) of the Group's total pledged bank deposits and bank balances.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance was recognised on pledged bank deposits/bank balances as the ECL is assessed to be insignificant.

The Group's internal credit risk grading assessment comprises the following categories applied for both years:

Internal credit rating	**Description**	**Contract assets**	**Other financial assets**
Low risk	*For other receivables and deposits:* The counterparty has low risk of default and has no outstanding debts past due over 30 days *For contract assets:* Ongoing projects before commencement of defect liability period	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	*For other receivables and deposits:* The counterparty has outstanding debts past due over 30 days which are not considered as doubtful and the corresponding contract is not duly completed *For contract assets:* Projects where defect liability period already commenced	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(i) The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2025 and 31 March 2024:

	2025		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.20**	**23,551**	**48**
Up to 90 days past due	**0.90**	**3,432**	**31**
91 – 180 days past due	**2.49**	**4,099**	**102**
181 – 365 days past due	**18.70**	**1,567**	**293**
More than 365 days past due	**61.52**	**6,726**	**4,138**
		39,375	**4,612**

	2024		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	–	26,486	–
Up to 90 days past due	0.67	6,421	43
91 – 180 days past due	1.36	955	13
181 – 365 days past due	11.37	6,314	718
More than 365 days past due	68.17	1,960	1,336
		42,136	2,110

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

Movements in the loss allowance for trade receivables during the years are as follows：

	2025 HK$'000	2024 HK$'000
At the beginning of year	**2,110**	324
Allowance for trade receivables recognised for the year	**2,502**	2,030
Write-off	**–**	(244)
At the end of year	**4,612**	2,110

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

	Notes	External credit ratings	Internal credit ratings	12-month or lifetime ECL	Gross carrying amount 2025 HK$'000	Gross carrying amount 2024 HK$'000
Financial assets at amortised cost						
Other receivables and deposits	20	N/A	Low risk (note 3)	12-month ECL	**34,489**	34,201
			Doubtful (note 3)	Lifetime ECL — not credit-impaired	**301**	301
Pledged bank deposits	23	A+ (note 1)	N/A	12-month ECL	**14,702**	9,511
Bank balances	23	A+ to AA– (note 1)	N/A	12-month ECL	**24,989**	21,909
Other items						
Contract assets	21	N/A	Low risk (note 2)	Lifetime ECL — not credit-impaired (individually assessed)	**137,895**	167,627
		N/A	Low risk (note 2)	Lifetime ECL — not credit-impaired (on a collective basis)	**11,938**	26,983
		N/A	Watch list (note 2)	Lifetime ECL — not credit-impaired (individually assessed)	**46,661**	20,068
		N/A	Watch list (note 2)	Lifetime ECL — not credit-impaired (on a collective basis)	**4,256**	2,388
Loan to a joint venture	18	N/A	Doubtful	Lifetime ECL — not credit-impaired	**51,492**	19,640
Financial guarantee contract#	31	N/A	Low risk (note 4)	12-month ECL	**60,400**	60,400

For financial guarantee contract, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contract.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

1. The external credit ratings were quoted from Moody's.

2. For contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. During the current year, the Group determines the ECL on these items by individual assessment and on a collective basis in accordance with the prevailing industry environment and business conditions.

   As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operations. Contract assets with significant balances with an aggregate gross carrying amount of approximately HK$184,556,000 respectively as at 31 March 2025 (2024: HK$187,695,000) were assessed individually.

   The following tables provide information about the exposure to credit risk for the gross carrying amounts of contract assets, which are assessed on a collective basis as at 31 March 2025 and 2024, within lifetime ECL — not credit-impaired.

	Contract assets			
Internal credit ratings	**Average loss rate %**	**2025 HK$000**	Average loss rate %	2024 HK$000
Low risk	**2.49**	**11,938**	0.89	26,983
Watch list	**2.86**	**4,256**	0.92	2,388
		16,194		29,371

   The estimated loss rates are estimated based on probability of default and loss given default over the expected life of the contract assets and are adjusted for forward-looking information that is available without undue costs or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

3. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Average loss rate %	Not past due HK$'000	Average loss rate %	Past due HK$'000	Total HK$'000
At 31 March 2025					
Other receivables and deposits	**1.47**	**34,489**	**32.55**	**301**	**34,790**
At 31 March 2024					
Other receivables and deposits	0.90	34,201	32.55	301	34,502

4. The credit risk of financial guarantee contract is limited as any default on payments for utilised bank facilities. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition. For the years ended 31 March 2025 and 2024, the Group assessed the ECL for financial guarantee contract as insignificant and thus no loss allowance was recognised.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL and 12-month ECL that have been recognised for contract assets and other receivables and deposits.

	Lifetime ECL — not credit-impaired		Lifetime ECL — credit-impaired		12-month ECL	
	Contract assets	Other receivables	Loan to a joint venture	Contract assets	Other receivables and deposits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2023	3,726	134	–	–	456	4,316
Changes due to financial instruments as 1 April 2023:						
– Transfer to credit-impaired	(44)	–	–	44	–	–
– Impairment loss recognised	300	–	–	1,891	–	2,191
– Impairment loss reversed	–	(39)	–	–	(456)	(495)
– Write-off	–	–	–	(1,935)	–	(1,935)
New financial assets originated or purchased	212	3	–	–	307	522
At 31 March 2024 and 1 April 2024	**4,194**	**98**	**–**	**–**	**307**	**4,599**
Changes due to financial instruments as 1 April 2024:						
– Impairment loss recognised	**3,112**	**–**	**6,160**	**–**	**187**	**9,459**
– Impairment loss reversed	**(2,736)**	**–**	**–**	**–**	**(51)**	**(2,787)**
New financial assets originated or purchased	**1,626**	**–**	**9,990**	**-**	**64**	**11,680**
At 31 March 2025	**6,196**	**98**	**16,150**	**-**	**507**	**22,951**

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group has available unutilised banking facilities of approximately HK$57,000 as at 31 March 2025 (2024: HK$896,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 year to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2025 HK$'000
31 March 2025							
Trade and other payables	–	113,441	–	–	–	113,441	113,441
Other borrowing	10.00	–	–	6,825	–	6,825	6,500
Bank borrowings	5.03	95,810	–	–	–	95,810	95,810
Lease liabilities	4.46	167	333	713	475	1,688	1,614
Financial guarantee contract	–	60,400	–	–	–	60,400	–
		269,818	333	7,538	475	278,164	217,365

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 year to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2024 HK$'000
31 March 2024							
Trade and other payables	–	89,613	–	–	–	89,613	89,613
Bank borrowings	5.52	96,109	–	–	–	96,109	96,109
Lease liabilities	5.00	155	309	1,392	1,309	3,165	2,997
Financial guarantee contract	–	60,400	–	–	–	60,400	–
		246,277	309	1,392	1,309	249,287	188,719

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with repayment on demand clauses are included in the "On demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2025, the aggregate undiscounted cash flows of these bank borrowings amounted to approximately HK$98,434,000 (2024: HK$98,613,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company 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 aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below.

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2025									
Bank borrowings	**5.03**	**2,420**	**54,921**	**37,058**	**1,331**	**2,704**	**–**	**98,434**	**95,810**
31 March 2024									
Bank borrowings	5.52	30,562	59,931	2,669	1,362	3,752	337	98,613	96,109

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair values of financial instruments that are not measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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

34. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The total cost charged to profit or loss of approximately HK$1,218,000 (2024: HK$857,000) represents contributions paid or payable to the above scheme by the Group for the year. As at 31 March 2025, contributions of approximately HK$89,000 (2024: HK$149,000) due in respect of the corresponding reporting periods had not been paid over to the scheme.

During the year, there were no forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

35. 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.

	Other borrowing HK$'000 (note 25)	**Lease liabilities** HK$'000 (note 27)	**Bank borrowings** HK$'000 (note 26)	**Total** HK$'000
At 1 April 2023	–	3,570	89,724	93,294
Financing cash flows	–	(1,802)	2,468	666
New lease entered	–	1,000	–	1,000
Interest expenses	–	229	3,917	4,146
At 31 March 2024 and 1 April 2024	**–**	**2,997**	**96,109**	**99,106**
Financing cash flows	**5,980**	**(2,046)**	**(4,531)**	**(597)**
New lease entered	**–**	**499**	**–**	**499**
Interest expenses	**520**	**164**	**4,232**	**4,916**
At 31 March 2025	**6,500**	**1,614**	**95,810**	**103,924**

36. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure bank loans, lease liabilities and general banking facilities granted by these banks to the Group, and to the insurance companies in order to secure the surety bonds granted by the insurance companies to the Group are as follows:

	2025 **HK$'000**	2024 HK$'000
Investment property	**7,800**	8,000
Right-of-use assets	**1,293**	1,158
Pledged bank deposits	**14,702**	9,511
Trade receivables	**22,086**	29,902
Deposits for surety bonds	**13,608**	18,371
Financial assets at FVTPL	**16,036**	16,685
	75,525	83,627

37. RELATED PARTY DISCLOSURES

(i) Transactions and balances

Other than the interest income from a joint venture, other borrowing and personal guarantees as set out in notes 6, 11, 25 and 26 and short-term lease expense of a car parking space paid to a director of approximately HK$60,000 (2024: HK$60,000) during the year ended 31 March 2025, the Group had following transactions and balances with its related party during both years:

Relationship	**Nature of balances/transactions**	**As at/For the year ended 31 March 2025 HK$'000**	As at/For the year ended 31 March 2024 HK$'000
Joint venture	Revenue- New capital works	**23,542**	7,078
	Contract assets	**1,750**	616
Ultimate holding company	Interest expense	**520**	—

(ii) Compensation of key management personnel

	2025 **HK$'000**	2024 HK$'000
Director's fees	**480**	432
Salaries and other allowances	**4,550**	4,390
Performance related bonus	**1,050**	990
Retirement benefits scheme contributions	**36**	36
	6,116	5,848

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. SURETY BONDS

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contract works in the form of surety bonds and secured by deposits. The surety bonds will be released when the construction contracts are practically completed.

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

	2025	2024
	HK$'000	HK$'000
Issued by insurance companies	**91,554**	106,717

39. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2025 and 2024 were as follows:

Name of subsidiary	**Place and date of incorporation**	**Issued and fully paid ordinary share capital**	**Effective interest attributable to the Group as at 31 March**		**Principal activities**
			2025	2024	
			%	%	
Idea Lion Limited*	The British Virgin Islands (the "**BVI**") 26 September 2016	United States dollar ("**US$**") 10	**100**	100	Investment holding
Diamond Step Ventures Limited*	The BVI 26 September 2016	US$22	**100**	100	Investment holding
Diamond Fort Investments Limited*	The BVI 26 July 2021	US$100	**100**	100	Investment holding
Double Winner Developments Limited*	The BVI 5 August 2021	US$100	**100**	100	Inactive
Fulam Construction Engineering Company Limited	Hong Kong 3 September 1999	HK$2,200,000	**100**	100	Building renovation and construction services
Fulam Engineering Hong Kong Company Limited	Hong Kong 4 June 2012	HK$10	**100**	100	Building renovation and construction services
Zero Environment Engineering Company Limited	Hong Kong 12 August 2021	HK$10	**100**	100	Trading of floodlight

* Directly held by the Company

None of the subsidiaries had any debt securities outstanding at the end of the each reporting period or at any time during both years.

40. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2025 HK$'000	2024 HK$'000
Non-current assets		
Investments in subsidiaries — cost	**31,646**	31,646
Investments in subsidiaries — deemed contribution (note i)	**3,690**	3,690
Amounts due from subsidiaries	**56,622**	24,640
	91,958	59,976
Current assets		
Other receivables	**–**	5
Bank balances and cash	**160**	133
	160	138
Total assets	**92,118**	60,114
Non-current liability		
Amounts due to subsidiaries	**33,782**	1,870
Capital and reserves		
Share capital (note 29)	**8,000**	8,000
Reserves (note ii)	**50,336**	50,244
Total equity	**58,336**	58,244
	92,118	60,114

Approved by the board of directors on 27 June 2025 and are signed on its behalf by:

Leung Ka Ho, Raymond	**Ho Chi Kwan**
Chairman	*Executive Director*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

40. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY (Continued)

Statement of financial position (Continued)

Notes:

(i) The amount represents the imputed interest on the amounts due from subsidiaries and such amount was capitalised as part of the investments in subsidiaries in prior years.

(ii) Movements of share premium and reserves

	Share premium HK$'000 (note)	Merger reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
1 April 2023	31,777	31,644	(14,250)	49,171
Profit and total comprehensive income for the year	–	–	1,073	1,073
At 31 March 2024 and 1 April 2024	**31,777**	**31,644**	**(13,177)**	**50,244**
Profit and total comprehensive income for the year	**–**	**–**	**92**	**92**
At 31 March 2025	**31,777**	**31,644**	**(13,085)**	**50,336**

Note: The Company's reserves available for distribution to the shareholders represents share premium, net of accumulated losses, in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

41. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The investment property held by the Group for rental purposes have committed lessees for the next 1 year (2024: 2 years).

Undiscounted lease payments receivable on leases are as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**295**	394
In the second year	**–**	295
	295	689

42. CAPITAL COMMITMENT

As at 31 March 2025 and 2024, the Group had commitment to provide shareholder's loan to the joint venture (i.e. Acasa) of approximately HK$20.4 million (2024: HK$20.4 million). As disclosed in the Company's announcement dated on 19 January 2024, in acquiring the additional 25% of the issued share capital of Acasa, the Group also entered into a joint venture agreement, pursuant to which the Group has committed to provide shareholders' loans to Acasa amounting to HK$40 million during the course of the redevelopment project of the Property.

43. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2025.

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 March				
	2021 HK$'000 (note i)	2022 HK$'000	2023 HK$'000 (restated)	2024 HK$'000	**2025** **HK$'000**
Revenue	281,666	257,209	337,681	352,903	**497,514**
Profit before taxation	25,023	9,635	15,266	11,436	**(12,391)**
Income tax expense	(3,580)	(1,613)	(2,118)	(1,342)	**99**
Profit for the year	21,443	8,022	13,148	10,094	**(12,292)**

FINANCIAL SUMMARY

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000 (restated)	2024 HK$'000	**2025** **HK$'000**
Total assets	260,866	296,690	344,076	397,256	**379,346**
Total liabilities	(133,364)	(160,811)	(197,049)	(240,136)	**(234,418)**
Net assets	127,502	135,879	147,027	157,120	**(144,928)**

Notes:

(i) The results for the year ended 31 March 2020 have been impacted by the adoption of new financial reporting standard — HKFRS 16. The Group has taken transitional provisions and methods not to restate comparative information for prior years. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2019.

(ii) The results for the year ended 31 March 2019 have been impacted by the adoption of new financial reporting standards — HKFRS 9 and HKFRS 15. The Group has taken transitional provisions and methods not to restate comparative information for prior years. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018.