GOLDEN LEAF INTERNATIONAL (HONG KONG) LIMITED
金葉國際(香港)有限公司

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH 2024 AND 2025

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Independent Auditor's Report to the Directors of Golden Leaf International (Hong Kong) Limited (Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Golden Leaf International (Hong Kong) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 5 to 84, which comprise the consolidated statements of financial position of the Group as at 31 March 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 March 2024 and 2025, 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 2024 and 2025, and of its consolidated financial performance and its consolidated cash flows for the years ended 31 March 2024 and 2025 in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 Company 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.

Other matter

The comparative consolidated financial information as at 1 April 2023 has not been audited.

Emphasis of matter – Restriction on distribution and use

The consolidated financial statements are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of Golden Leaf International Group Limited (the "Issuer") dated 30 September 2025 in connection with the initial public offering of shares of the Issuer on GEM of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company without our prior written consent. All duties and liabilities (including, without limitation, those arising from negligence or otherwise) to any third party are specifically disclaimed. As explained in our engagement letter governing this engagement, the Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter have any rights under it.

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Independent Auditor's Report to the Directors of Golden Leaf International (Hong Kong) Limited (Incorporated in Hong Kong with limited liability) (Continued)

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA, 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.

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. Our report is made 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.

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

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

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

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

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Independent Auditor's Report to the Directors of Golden Leaf International (Hong Kong) Limited (Incorporated in Hong Kong with limited liability) (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore CPA Limited
Certified Public Accountants

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 30 September 2025

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2024	2025
	Notes	*HK$'000*	*HK$'000*
Revenue	*6*	123,010	154,534
Cost of services		(99,215)	(123,085)
Gross profit		23,795	31,449
Other income and other gains or losses	*7*	259	516
Provision for expected credit losses, net	*8*	(284)	(265)
Administrative expenses		(10,967)	(12,670)
Finance costs	*9*	(468)	(492)
Listing expenses		—	(1,407)
Profit before income tax	*10*	12,335	17,131
Income tax expense	*11*	(1,962)	(3,057)
Profit for the year attributable to owners of the Company		10,373	14,074
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		16	(9)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurements of provision for long service payment		(12)	(44)
Other comprehensive income/(loss) for the year, net of income tax		4	(53)
Total comprehensive income for the year attributable to owners of the Company		10,377	14,021
		HK$	*HK$*
Earnings per share			
Basic and diluted	*14*	10.37	14.07

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March	
		2024	2025
	Notes	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	*15*	795	801
Right-of-use assets	*16*	1,917	940
Investment property	*17*	4,284	3,948
Intangible assets	*18*	660	764
Life insurance policy deposits and prepayments.	*19*	6,217	6,358
Goodwill	*20*	—	—
Prepayments and deposits	*23*	675	353
		14,548	13,164
Current assets			
Trade receivables	*21*	19,692	30,264
Contract assets	*22*	24,226	17,883
Other receivables, prepayments and deposits	*23*	5,936	7,691
Amounts due from directors	*24*	5,980	6,683
Pledged bank deposits and restricted cash	*25*	—	1,850
Cash and cash equivalents	*25*	19,879	16,072
		75,713	80,443
Current liabilities			
Trade and other payables and accruals	*26*	24,889	20,407
Contract liabilities	*27*	4,553	1,236
Lease liabilities	*28*	970	832
Bank borrowings	*29*	6,314	6,192
Dividend payable		3,000	5,000
Income tax payable		1,305	2,463
		41,031	36,130
Net current assets		34,682	44,313
Total assets less current liabilities		49,230	57,477

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 March	
		2024	2025
	Notes	*HK$'000*	*HK$'000*
Non-current liabilities			
Lease liabilities	*28*	1,050	212
Deferred tax liabilities	*30*	217	194
Provision for long service payment	*34*	129	216
		1,396	622
Net assets		47,834	56,855
Equity			
Share capital	*31*	1,000	1,000
Reserves	*32*	46,834	55,855
Total equity		47,834	56,855

The consolidated financial statements on the pages from 5 to 84 were approved and authorised for issue by the board of directors on 30 September 2025 and are signed on its behalf by:

Ip Kam Yik
Director

Lui Kwok Kit
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	**Translation reserve**	**Retained profits**	**Total**
	HK$'000 *(Note 31)*	*HK$'000* *(Note 32)*	*HK$'000*	*HK$'000*
At 1 April 2023	1,000	—	39,457	40,457
Profit for the year	—	—	10,373	10,373
Other comprehensive income/(loss) for the year, net of tax	—	16	(12)	4
Total comprehensive income for the year	—	16	10,361	10,377
Interim dividend *(Note 13)*	—	—	(3,000)	(3,000)
At 31 March 2024 and 1 April 2024	1,000	16	46,818	47,834
Profit for the year	—	—	14,074	14,074
Other comprehensive loss for the year, net of tax	—	(9)	(44)	(53)
Total comprehensive income for the year	—	(9)	14,030	14,021
Interim dividend *(Note 13)*	—	—	(5,000)	(5,000)
At 31 March 2025	1,000	7	55,848	56,855

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 March	
		2024	2025
	Notes	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit before income tax		12,335	17,131
Adjustments for:–			
Amortisation of intangible assets	*10*	111	202
Amortisation of life insurance policy prepayments	*10*	41	41
Bank interest income	*7*	(225)	(73)
Depreciation on property, plant and equipment	*10*	202	248
Depreciation on right-of-use assets	*10*	819	971
Fair value loss on investment property	*7*	546	336
Finance costs	*9*	468	492
Insurance charges on life insurance policies	*10*	96	70
Imputed interest income from life insurance policy deposits	*7*	(256)	(270)
Insurance loss/(gain) — change in surrender values	*7*	2	(12)
Provision for expected credit loss, net	*8*	284	265
Provision for long service payment		27	43
Operating profit before working capital changes		14,450	19,444
Increase in trade receivables		(2,477)	(10,932)
(Increase)/decrease in contract assets		(13,247)	6,441
Increase in other receivables, prepayments and deposits		(118)	(980)
Increase in trade and other payables and accruals		6,471	4,514
Increase/(decrease) in contract liabilities		2,544	(3,317)
Cash generated from operations		7,623	15,170
Income tax paid		(2,006)	(1,922)
Net cash from operating activities		5,617	13,248

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Cash flows from investing activities		
Bank interest income	225	73
Purchase of property, plant and equipment	(164)	(254)
Payments for life insurance policy deposits and prepayments	(700)	—
Placement of pledged bank deposits and restricted cash	—	(1,850)
Capital expenditure of system development costs	(556)	(306)
Advances to directors	(2,285)	(2,383)
Repayments from directors	175	1,680
Net cash used in investing activities	(3,305)	(3,040)
Cash flows from financing activities		
Dividend paid	—	(3,000)
Repayments of bank borrowings	(6,123)	(9,243)
Interests paid on bank borrowings	(340)	(375)
Repayments of lease liabilities — principal	(784)	(969)
Repayments of lease liabilities — interests	(128)	(117)
Payments of issue costs	—	(332)
Net cash used in financing activities	(7,375)	(14,036)
Net decrease in cash and cash equivalents	(5,063)	(3,828)
Cash and cash equivalents at beginning of year	24,913	19,879
Effect of foreign exchange rate changes, net	29	21
Cash and cash equivalents at end of year	19,879	16,072
Analysis of cash and cash equivalents		
Bank balances and cash in hand	19,879	16,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. CORPORATE INFORMATION

Golden Leaf International (Hong Kong) Limited (the "**Company**") is a limited liability company incorporated in Hong Kong. The Company's registered office and principal place of business is located at 23/F., New Venture Centre, 18 Lam Tin Street, Kwai Chung, New Territories, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively the "**Group**") are electrical and mechanical ("**E&M**") engineering works specialise in the supply, installation and maintenance and inspection of (i) heating ventilation and air-conditioning systems ("**HVAC systems**"); (ii) electrical systems; and (iii) plumbing and drainage systems.

The consolidated financial statements are presented in HK$ which is also the functional currency of the Company.

During the years ended 31 March 2024 and 2025, the issued share capital of the Company was held by Mr. Ip Kam Yik ("**Mr. KY Ip**") and Mr. Lui Kwok Kit ("**Mr. Lui**") in the proportion of 86% and 14% respectively. Pursuant to a group reorganisation which was completed on 11 June 2025, the entire issued share capital of the Company was directly held by Infinite Circuit Holdings Limited, a company incorporated in the British Virgin Islands (the "**BVI**"), being the immediate holding company of the Company. In the opinion of the directors of the Company, the intermediate holding company of the Company is Golden Leaf International Group Limited (the "Issuer"), a company incorporated in the Cayman Islands, and the ultimate holding company of the Company is Mini Universe Holdings Limited, a company incorporated in the BVI and controlled by Mr. KY Ip.

During the years ended 31 March 2024 and 2025 and as at the date of approval for issuance of the consolidated financial statements, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct interests, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. CORPORATE INFORMATION (CONTINUED)

			Attributable equity interest			
Name of the subsidiary	Place and date of incorporation/ establishment	Particulars of issued and fully paid-up share capital	At 31 March 2024 Direct held	At 31 March 2025 Direct held	At the date of approval for issuance of the consolidated financial statements Direct held	Principal activities/ place of operation
Golden Leaf International Limited	Hong Kong 31 December 2009	HK$300	100%	100%	100%	Inactive
Universal Protech Limited	Hong Kong 16 October 2006	HK$1	100%	100%	100%	Inactive
靈動源創工程服務(深圳)有限公司 Sapient Visionnaire Engineering Services (Shenzhen) Limited ("Sapient Visionnaire") *(Note)*	The People's Republic of China (the "PRC") 28 November 2023	Renminbi ("RMB") 1,000,000	100%	100%	100%	Provision of information technology support/The PRC

All subsidiaries have adopted 31 March as their financial year end date except for the PRC subsidiary which has adopted 31 December as its financial year end date. None of the subsidiaries had issued any debt securities at the end of each of the reporting period.

Note:

The official name of this entity is in Chinese. The English translation is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared based on the material accounting policy information set out in Note 4 below which are in conformity with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA. For the purpose of preparation of the consolidated financial statements are considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Issuer dated 30 September 2025 in connection with the initial public offering of shares of the Issuer on GEM of The Stock Exchange of Hong Kong Limited (the "Listing").

The consolidated financial statements do not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 March 2024 and 2025 but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on these financial statements for all two years. The independent auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for the investment property which has been measured at fair value at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements for the years ended 31 March 2024 and 2025, the Group has consistently applied the HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's accounting period beginning on 1 April 2024 throughout the years ended 31 March 2024 and 2025.

At the date of approval for issuance of the consolidated financial statements, the HKICPA has issued the following new and amendments to HKFRS Accounting Standards that are not yet effective. The Group has not early adopted these standards and amendments.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — Dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amendments to HKFRS Accounting Standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, the amendments to HKFRS Accounting Standards are not expected to have a significant impact on the Group's financial performance and position, except HKFRS 18 as follows:–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

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 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. 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 consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The Group is still in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

It should be noted that accounting estimates and assumptions have been used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 5 "Significant accounting judgments and estimates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation and subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the years ended 31 March 2024 and 2025.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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 statements 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.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations and goodwill

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the profit or loss as a bargain purchase gain.

After initial recognition, goodwill is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations and goodwill (Continued)

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Impairment is determined by assessing the recoverable amount of the cash-generating units (group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating units (group of cash-generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit (group of cash-generating units) and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:–

Leasehold improvements	Over the lease term
Furniture, fixtures and equipment	4 years
Motor vehicles	4 years

Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statements of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:–

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets (Continued)

Research and development expenditure (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the consolidated statements of profit or loss and other comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

The Group's intangible assets have finite useful life. Intangible assets are amortised on a straight-line basis over the following period:–

System development costs	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties are measured initially at cost including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statements of profit or loss and other comprehensive income in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the consolidated statements of profit or loss and other comprehensive income in the period of the derecognition.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated statements of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statements of profit or loss and other comprehensive income in the period in which it arises.

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15.

(a) Classification and subsequent measurement

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(a) Classification and subsequent measurement (Continued)

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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 through profit or loss ("**FVTPL**"), except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 (Revised) *Business Combinations* applies.

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

Financial assets at amortised cost

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(b) Impairment of financial assets and contract assets

The Group recognises a loss allowance for expected credit loss ("**ECL**") on financial assets including trade receivables, other receivables and deposits, amounts due from directors, pledged bank deposits and restricted cash and cash and bank balances and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, and contract assets, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are with reference to the default rates from international credit rating agencies, adjusted for forward-looking factors specific to the debtors and the economic environment.

General approach

For credit exposures of other instruments for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(b) Impairment of financial assets and contract assets (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 cost or effort.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(b) Impairment of financial assets and contract assets (Continued)

(i) Significant increase in credit risk (Continued)

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

The Group considers the pledged bank deposits and restricted cash and cash and bank balances to have a low credit risk because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

(ii) Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(b) Impairment of financial assets and contract assets (Continued)

(iii) Credit-impaired financial assets (Continued)

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statements of financial position) when the rights to receive cash flows from the asset have expired.

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.

On derecognition of an investment in equity instrument which the Group has elected, on initial recognition of the investment to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals, dividend payable and bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities (Continued)

(b) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statements of profit or loss and other comprehensive income.

(c) 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.

Leases

The Group as 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. The existing leases of the Group are all classified as operating leases.

Rental income from operating leases is recognised in consolidated statements of profit or loss and other comprehensive income 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

The Group as lessee

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statements of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liabilities; and

— any lease payments made at or before the commencement date, less any lease incentive received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as lessee (Continued)

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statements of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statements of profit or loss and other comprehensive income.

Foreign currency translation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency translation (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. Such exchange differences accumulated in the translation reserve may be reclassified to profit or loss subsequently.

Revenue recognition

Revenue from contracts with customers

Provision of E&M engineering services

Revenue from the provision of E&M engineering services includes the supply and installation of (i) HVAC systems; (ii) electrical systems; and (iii) plumbing and drainage systems which is recognised over time, by reference to the progress towards complete satisfaction of the service, because the Group's performance creates or enhances the assets that the customers control as the assets are created or enhanced at the customers' designated locations.

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

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Provision of E&M maintenance and inspection services

Revenue from the provision of E&M maintenance and inspection services is recognised over time because the Group's customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

The Group provides bundled maintenance and inspection services to its customers at the designated locations and the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of services.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Borrowing costs

Borrowing costs which are not directly attributable to the expenditure on qualifying assets are charged to the consolidated statements of profit or loss and other comprehensive income in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Other employee benefits

Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statements 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 employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated statements of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Employee leave entitlement

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

Employee long service payment

For long service payment ("**LSP**") obligation for the Group's employees in Hong Kong, the Group accounts for the employer Mandatory Provident Fund ("**MPF**") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee long service payment (Continued)

The provision for long service payment is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

Income tax

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets 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 properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and have a short maturity of generally within three months when acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Government grants

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's material accounting policy information, which are described in Note 4, 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Critical judgments in applying accounting policies (Continued)

(i) Deferred taxation on investment property

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model in HKAS 40 *Investment Property*, the directors of the Company have reviewed the Group's investment property and concluded that the Group's investment property is not held under a business model whose objective is to consume substantially all of economic benefits embodied in the investment property over time. Therefore, in determining the Group's deferred taxation on investment property, the directors of the Company have determined that the presumption contained in HKAS 12 that the carrying amount of the investment property measured using the fair value model is recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment property in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment property located in Hong Kong on disposal.

(ii) Revenue recognition on E&M engineering and maintenance and inspection services

The Group recognises revenue from E&M engineering and maintenance and inspection services over time using the input method, measuring progress toward satisfying performance obligations based on costs incurred to date relative to total estimated budgeted costs. The directors of the Company exercised judgments in selecting input method for measuring progress and considered the input method best reflects the Group's performance in fulfilling contractual obligations as at the end of the reporting period. Significant judgments is also involved in estimating budgeted costs, which directly affects the timing and amount of revenue recognised. While the Group mitigates estimation risks through periodic budget reviews and historical data analysis, material differences between actual and budgeted costs could lead to significant adjustments in reported revenue.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (COUNTINUED)

Key sources of estimation uncertainty (Continued)

(i) Revenue recognition on E&M engineering and maintenance and inspection services

The Group recognised revenue on service contracts from E&M engineering and maintenance and inspection services by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of costs incurred for work performed to date relative to the total estimated budget costs. The management regularly discusses with the project team in order to review and revise the estimates of the total budget costs based on stage of completion of the work performed to date with reference to the performance and status of corresponding service contract work. Accordingly, revenue recognition on service contracts involves a significant degree of management's estimates and judgments, with estimates being made to assess the total budget costs and costs incurred for work performed to date. The actual outcome may affect the revenue recognised.

During the years ended 31 March 2024 and 2025, revenue amounted to approximately HK$123,010,000 and HK$154,534,000, respectively was recognised over time based on the abovementioned input method.

(ii) Fair value of the investment property

At the end of the reporting period, the investment property is stated at fair value based on the valuation performed by a firm of independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions which are set out in Note 17. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in change in the fair value of the Group's investment property being recognised in the profit or loss. The carrying amounts of the investment property measured at fair value at 31 March 2024 and 2025 were approximately HK$4,284,000 and HK$3,948,000 respectively.

(iii) Provision of ECL for trade receivables, other receivables and deposits, and contract assets

The Group had measured ECLs for trade receivables and contract assets at lifetime ECLs and for other receivables and deposits using credit spread at 12-month ECL, based on the default rates from international credit rating agencies for relevant industries of debtors, debtor's creditworthiness and ageing of receivables, and are adjusted with forward-looking information that is available without undue cost or effort. Details are disclosed in Note 37(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (COUNTINUED)

Key sources of estimation uncertainty (Continued)

(iv) Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives and related depreciation and amortisation expenses for the Group's property, plant and equipment and intangible assets based on the historical experience and the expected usage of the property, plant and equipment and intangible assets with similar nature and functions. The management also takes into account and will revise the depreciation and amortisation expenses where the useful lives changed from those previously estimated, if there is any technological obsolescence, changes in the market demand or service outputs has been reduced significantly. The carrying amounts of property, plant and equipment as at 31 March 2024 and 2025 were approximately HK$795,000 and HK$801,000 respectively. The carrying amounts of intangible assets as at 31 March 2024 and 2025 were approximately HK$660,000 and HK$764,000 respectively.

(v) Estimate of current tax and deferred tax

Significant judgment and estimates are required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred tax provisions in the periods in which such determination are made.

6. SEGMENT INFORMATION AND REVENUE

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors, being the chief operating decision makers in order to allocate resources and assess performance of the segment. The Group's operation is principally derived from E&M engineering and maintenance and inspection services provided to external customers in Hong Kong. During the years ended 31 March 2024 and 2025, executive directors regularly review revenue and operating results derived from provision of E&M engineering and maintenance and inspection services as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Geographical information

The Group's revenue are all derived from Hong Kong based on the location of services delivered. The Group's non-current assets, except for life insurance policy deposits and prepayments, goodwill and prepayments and deposits, were classified in accordance with geographical locations of the assets at the end of each reporting period as detailed below.

	As at 31 March					
	2024			2025		
	Hong Kong	PRC	Total	Hong Kong	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	748	47	795	754	47	801
Right-of-use assets	1,211	706	1,917	504	436	940
Investment property	4,284	—	4,284	3,948	—	3,948
Intangible assets	660	—	660	764	—	764
	6,903	753	7,656	5,970	483	6,453

Information about major customers

Revenue from customers for the years ended 31 March 2024 and 2025 contributing over 10% of the total revenue of the Group are as follows:–

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Customer X	43,951	59,564
Customer Y	N/A*	24,364

* Less than 10% of the Group's total revenue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SEGMENT INFORMATION AND REVENUE (CONTINUED)

An analysis of revenue is as follows:

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers recognised over time:		
Provision of E&M engineering services		
— HVAC systems	78,038	102,224
— Electrical systems	3,994	3,890
— Plumbing and drainage systems	2,477	4,524
	84,509	110,638
Provision of E&M maintenance and inspection services		
— HVAC systems	37,129	43,130
— Plumbing and drainage systems	1,372	766
	38,501	43,896
	123,010	154,534

Transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) for long-term E&M engineering and maintenance and inspection services that remained outstanding as at the end of the reporting period and the expected timing of recognising revenue is set out below:

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Provision of E&M engineering services		
— Within one year	53,819	31,589
— More than one year but not more than two years	446	—
	54,265	31,589
Provision of E&M maintenance and inspection services		
— Within one year	36,722	22,891
— More than one year but not more than two years	10,498	5,939
— More than two years	—	712
	47,220	29,542
	101,485	61,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER INCOME AND OTHER GAINS OR LOSSES

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Other income		
Bank interest income	225	73
Imputed interest income from life insurance policy deposits	256	270
Sundry income	136	166
Rental income	240	240
Government subsidies *(Note)*	—	120
	857	869
Other gains or losses		
Exchange loss	(50)	(29)
Fair value loss on investment property *(Note 17)*	(546)	(336)
Insurance (loss)/gain — change in surrender values	(2)	12
	(598)	(353)
	259	516

Note:

During the year ended 31 March 2025, the government subsidies represent subsidies for staff costs according to the Youth Work Experience and Training Scheme ("**YWETS**"), which aimed to provide six to twelve months on-the-job training opportunities to young people. There was no YWETS participated by the Company during the year ended 31 March 2024. There are no unfulfilled conditions or contingencies attaching to this subsidy at the end of the reporting period.

8. PROVISION FOR EXPECTED CREDIT LOSSES, NET

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Expected credit losses under ECL model, net		
— Trade receivables	143	360
— Other receivables and deposits	1	3
— Contract assets	140	(98)
	284	265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. FINANCE COSTS

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Interest on bank borrowings	340	375
Interest on lease liabilities	128	117
	468	492

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:–

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments (excluding contributions to retirement benefits scheme)	2,503	2,809
Other staff costs	18,869	23,559
Contributions to retirement benefits scheme *(Note (i))*	840	1,217
	22,212	27,585
Less: capitalisation to intangible assets	(556)	(306)
Total staff costs *(Note (ii))*	21,656	27,279
Auditor's remuneration	147	162
Amortisation of life insurance policy prepayments	41	41
Amortisation of intangible assets	111	202
Cost of materials used for E&M engineering and maintenance and inspection service	18,694	20,558
Depreciation on property, plant and equipment	202	248
Depreciation on right-of-use assets	819	971
Direct operating expenses arising from investment property that generated rental income during the year	42	43
Expenses relating to short-term leases	—	34
Insurance charges on life insurance policies	96	70
Listing expenses	—	1,407
Sub-contracting fees included in costs of services	64,025	80,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Notes:

(i) As at 31 March 2024 and 2025, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years.

(ii) Distribution of staff costs among cost of services and administrative expenses is as follows:

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Cost of services	14,058	19,167
Administrative expenses	7,598	8,112
	21,656	27,279

11. INCOME TAX EXPENSE

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Provision for current year	2,007	3,080
Deferred tax *(Note 30)*	(45)	(23)
	1,962	3,057

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INCOME TAX EXPENSE (CONTINUED)

Under the two-tiered profits tax rates regime in Hong Kong Profits Tax, the first HK$2,000,000 of profits of the qualifying entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying entity is calculated at 8.25% of the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000, taking into account the tax concession granted by the Government of Hong Kong Special Administrative Region during the years ended 31 March 2024 and 2025.

The PRC Enterprise Income Tax is charged at the rate of 25% on the taxable profits of the Group's subsidiary in the PRC. During the years ended 31 March 2024 and 2025, no PRC Enterprise Income Tax was provided as there was no taxable profit derived from the Group's subsidiary in the PRC.

A reconciliation of the income tax expenses applicable to profit before income tax is as follows:

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Profit before income tax	12,335	17,131
Tax at domestic income tax rate	2,011	2,690
Tax effect of non-taxable income	(80)	(78)
Tax effect of non-deductible expenses	199	372
Tax effect of tax losses not recognised	—	240
Tax concession	(3)	(2)
Tax concession under two-tiered profit tax rates regime	(165)	(165)
Income tax expense	1,962	3,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors and senior management

The emoluments paid or payable to the directors and chief executive of the Company during the years ended 31 March 2024 and 2025 are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2024				
Mr. KY Ip	—	1,026	18	1,044
Mr. Lui	—	770	18	788
Ms. Ip Tsz Kwan	—	707	18	725
	—	2,503	54	2,557
Year ended 31 March 2025				
Mr. KY Ip	—	1,167	44	1,211
Mr. Lui	—	900	18	918
Ms. Ip Tsz Kwan	—	742	18	760
	—	2,809	80	2,889

Mr. KY Ip and Mr. Lui are the directors of the Company while Mr. KY Ip is also the chief executive officer of the Group. Ms. Ip Tsz Kwan is the chief financial officer of the Group.

The emoluments shown above represent emoluments received or receivable from the Group by these directors and senior management in their capacity as directors and chief executive and management of affairs of the Group during the years ended 31 March 2024 and 2025.

There was no arrangement under which a director or senior management or the chief executive waived or agreed to waive any remuneration during the years ended 31 March 2024 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, included three and three directors and the senior management of the Company for each of the years ended 31 March 2024 and 2025 respectively, whose emoluments is disclosed above. The emoluments of the remaining two and two individuals are analysed below:

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	1,760	1,581
Retirement benefit scheme contributions	36	36
	1,796	1,617

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

(d) Emoluments of individuals

The number of individuals (excluding the directors and the senior management of the Group) whose remuneration fell within the following bands is as follows:

	Year ended 31 March	
	2024	2025
Nil to HK$1,000,000	2	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. DIVIDEND

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Interim dividends declared of HK$3 per share in 2024 and HK$5 per share in 2025 to the shareholders	3,000	5,000

On 26 September 2025, the Company declared dividends of approximately HK$6,683,000 in aggregate.

14. EARNINGS PER SHARE

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

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	10,373	14,074

Number of shares

	Year ended 31 March	
	2024	**2025**
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000	1,000

Diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive shares in issue for the years ended 31 March 2024 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2023	459	1,453	1,153	3,065
Additions	43	121	—	164
Exchange realignment	—	(1)	—	(1)
At 31 March 2024 and 1 April 2024	502	1,573	1,153	3,228
Additions	—	254	—	254
Exchange realignment	—	(1)	—	(1)
At 31 March 2025	502	1,826	1,153	3,481
Accumulated depreciation				
At 1 April 2023	65	1,254	913	2,232
Charge for the year	50	89	63	202
Exchange realignment	—	(1)	—	(1)
At 31 March 2024 and at 1 April 2024	115	1,342	976	2,433
Charge for the year	50	135	63	248
Exchange realignment	—	(1)	—	(1)
At 31 March 2025	165	1,476	1,039	2,680
Carrying value				
At 31 March 2024	387	231	177	795
At 31 March 2025	337	350	114	801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. RIGHT-OF-USE ASSETS

	Office premises and storeroom
	HK$'000
Cost	
At 1 April 2023	2,829
Additions	824
Exchange realignment	(7)
At 31 March 2024 and 1 April 2024	3,646
Exchange realignment	(9)
At 31 March 2025	3,637
Accumulated depreciation	
At 1 April 2023	911
Charge for the year	819
Exchange realignment	(1)
At 31 March 2024 and at 1 April 2024	1,729
Charge for the year	971
Exchange realignment	(3)
At 31 March 2025	2,697
Carrying value	
At 31 March 2024	1,917
At 31 March 2025	940

The Group leased various offices premises and storeroom for its operations. Lease contracts are entered into for fixed terms from three to four years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes. Amount included in the consolidated statements of cash flows comprises the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. RIGHT-OF-USE ASSETS (CONTINUED)

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Within financing cash flows — fixed payments	912	1,086
Within operating cash flows — expenses relating to short-term leases	—	34
Total cash outflow of leases	912	1,120

17. INVESTMENT PROPERTY

The Group's property interest held to earn rentals or for capital appreciation purposes is measured using the fair value model and are classified and accounted for as investment property. Movement during the years ended 31 March 2024 and 2025 is shown as follow:

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Fair value		
At beginning of the year	4,830	4,284
Changes in fair value recognised in profit or loss *(Note 7)*	(546)	(336)
At end of the year	4,284	3,948

The investment property is situated in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. INVESTMENT PROPERTY (CONTINUED)

Fair value measurement of the Group's investment property

The fair values of the Group's investment property at 31 March 2024 and 2025 have been arrived at on the basis of a valuation carried out by Valplus Consulting Limited ("**Valplus**"), a firm of independent qualified professional valuer, which is not connected to the Group. Valplus has appropriate qualifications and recent experiences in the valuation of similar properties in Hong Kong.

The fair values of investment property is a level 3 fair value measurement. The reconciliation of the opening and closing fair value balances is shown as the above table.

The fair values of investment property were estimated using market comparison approach. Fair values are based on prices for recent market transaction in similar properties with significant adjustments for differences in the location or condition of the Group's investment property. These adjustments are based on unobservable inputs.

Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
(Discount)/premium on quality of properties (e.g. location, size and condition of the property)	2024: (9.1)% to (3.2)% 2025: (10.6)% to (6.9)%	The higher/lower premium or lower/higher discount for the quality of the Group's property, the higher/lower the fair value
Selling price per unit of market comparables, taking into account difference such as age and location	2024: HK$1,750 to HK$2,466 2025: HK$1,426 to HK$2,253	The higher/lower the selling price per unit of market comparables, the higher/lower the fair value

There were no changes to the valuation techniques during the year ended 31 March 2024 and 2025.

The fair value measurement is based on the investment property's highest and best use, which does not differ from their actual use.

During the years ended 31 March 2024 and 2025, there were no transfers into or out of Level 3 or any other level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. INTANGIBLE ASSETS

	System development costs
	HK$'000
Cost	
At 1 April 2023	226
Additions	556
At 31 March 2024 and at 1 April 2024	782
Additions	306
At 31 March 2025	1,088
Accumulated amortisation	
At 1 April 2023	11
Charge for the year	111
At 31 March 2024 and at 1 April 2024	122
Charge for the year	202
At 31 March 2025	324
Carrying value	
At 31 March 2024	660
At 31 March 2025	764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. LIFE INSURANCE POLICY DEPOSITS AND PREPAYMENTS

Certain life insurance policies (the "**Policies**") were entered into by the Group to insure one of the directors of the Company, Mr. KY Ip. Under the Policies, the beneficiary and policy holder is the Company and the total insured sum was approximately HK$19,413,000 and HK$19,413,000 as at 31 March 2024 and 2025 respectively. The Group can terminate the Policies at any time and can receive cash back based on the net nominal account value of the Policies at the date of withdrawal. Interest is earned at interest rates of at least those guaranteed by the insurer and the insurance charge is service fee charged by the insurer.

The upfront payments of approximately HK$700,000 in aggregate was paid during the year ended 31 March 2024. The Group can terminate the Policies at any time and can receive cash back based on the net nominal account value of the Policies at the date of withdrawal. Interest is earned at interest rates of at least those guaranteed by the insurer.

There will be a specified surrender charge of approximately HK$624,000 and HK$612,000 in aggregate of the Policies for the year ended 31 March 2024 and 2025 respectively. The expected life of the Policies remained unchanged from the date of initial recognition and the directors of the Company considered that the financial impact of the option to terminate the Policies was not significant.

At the inception date, the upfront payments of the Policies were separated into deposits placed and prepayments of life insurance premium. The deposits element was measured at costs adjusted for interests and insurance charges recognised for each year and the prepayments of life insurance premium were stated at cost less subsequent accumulated amortisation over the insurance periods.

As at 31 March 2024 and 2025, life insurance policy deposits and prepayments amounts to approximately HK$6,258,000 and HK$6,399,000 in aggregate respectively, in which the deposit amounts of approximately HK$5,751,000 and HK$5,935,000 respectively and the prepayment amounts of approximately HK$466,000 and HK$423,000 respectively are classified as non-current assets. The current portion of prepayment amounts of approximately HK$41,000 and HK$41,000 are included in other receivables, prepayments and deposits in the consolidated statements of financial position of the Group as at 31 March 2024 and 2025 respectively.

As at 31 March 2024 and 2025, one of the Policies amounting to approximately HK$4,253,000 and HK$4,383,000 respectively were pledged to a bank to secure certain banking facilities granted to the Group (Notes 29 and 40).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. GOODWILL

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Cost		
At beginning and end of the year	368	368
Impairment		
At beginning and end of the year	(368)	(368)
Carrying Amount		
At beginning and end of the year	—	—

Goodwill was arising from the acquisitions of Golden Leaf International Limited during the year ended 31 March 2019, which were fully impaired as Golden Leaf International Limited was dormant.

21. TRADE RECEIVABLES

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Trade receivables, gross	19,933	30,865
Less: Allowance for credit losses	(241)	(601)
	19,692	30,264

The Group allows a credit period ranging from 0 to 60 days to its customers for trade receivables. The following is an aged analysis of trade receivables, net of provision for credit loss allowances, presented based on the invoice date at the end of each reporting period:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. TRADE RECEIVABLES (CONTINUED)

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
1 to 30 days	13,874	19,109
31 to 60 days	2,742	2,976
61 to 90 days	1,693	1,739
91 to 180 days	1,200	4,443
181 to 365 days	168	1,577
Over 1 year	15	420
	19,692	30,264

As at 1 April 2023, trade receivables from contracts with customers amounted to approximately HK$17,358,000.

The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer. In addition, the Group will review the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of trade receivables.

As at 31 March 2024 and 2025, included in the trade receivables balance are debtors with aggregate carrying amount of approximately HK$4,193,000 and HK$9,439,000 respectively which are past due at the end of each reporting period. Out of the past due balances as at 31 March 2024 and 2025, approximately HK$842,000 and HK$4,760,000, respectively, are past due over 90 days and are not considered as in default based on good repayment records for those customers and long-term/continuous business with the Group. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. TRADE RECEIVABLES (CONTINUED)

The movements in the allowance for credit losses on trade receivables are as follows:

	Lifetime ECL (Not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2023	98	—	98
Impairment losses (reversed)/recognised, net	(61)	204	143
At 31 March 2024 and 1 April 2024	37	204	241
Impairment losses recognised, net	65	295	360
Transfer to credit-impaired	(1)	1	—
At 31 March 2025	101	500	601

Details of impairment assessment of trade receivables as at 31 March 2024 and 2025 are set out in Note 37(b).

22. CONTRACT ASSETS

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Unbilled revenue *(Note a)*	21,847	13,600
Retention receivables *(Note b)*	2,564	4,370
	24,411	17,970
Less: Allowance for credit losses	(185)	(87)
	24,226	17,883

As at 1 April 2023, contract assets amounted to approximately HK$11,119,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. CONTRACT ASSETS (CONTINUED)

Changes in contract assets during the year ended 31 March 2025 were mainly due to the decrease in the number of contracts in respect of E&M engineering and maintenance and inspection service that the relevant services were provided but not yet billed under the relevant contracts as at 31 March 2025; and netting off the increase in the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period.

The expected timing of recovery or settlement for contract assets as at each of the reporting period is as follows:

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Recovery within one year	24,411	17,252
Recovery after one year	—	718
	24,411	17,970

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the contract work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed contract work from the customers.

(b) Retention receivables included in contract assets represents amounts not yet billed to customers which is conditional until the expiry of defect liability period in respect of services contracts. The retention receivables are transferred to the trade receivables when the rights become unconditional once defect liability period expired.

Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from 12 months to 24 months from the date of the completion of the respective project. The Group does not hold any collateral over these balances.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. CONTRACT ASSETS (CONTINUED)

The movements in the allowance for credit losses on contract assets are as follows:

	Lifetime ECL (Not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2023	25	20	45
Impairment losses recognised, net	35	105	140
At 31 March 2024 and 1 April 2024	60	125	185
Impairment losses reversed, net	(4)	(94)	(98)
At 31 March 2025	56	31	87

Details of impairment assessment of contract assets as at 31 March 2024 and 2025 are set out in Note 37(b).

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Other receivables, gross *(Note a)*	65	726
Deposits, gross *(Note b)*	568	657
Less: Allowance for credit losses	(2)	(5)
Other receivables and deposits, net	631	1,378
Prepayments *(Note c)*	5,980	6,159
Prepaid listing expenses	—	49
Prepaid issue costs	—	16
Deferred issue costs	—	442
	6,611	8,044
Less: prepayments and deposits as non-current assets	(675)	(353)
	5,936	7,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Notes:

(a) At 31 March 2025, included in the balance is an amount of approximately HK$628,000 paid by the Group to an insurance company (the "Excess") regarding a claim of a customer in relation to an incident occurred at one of the work sites after a subcontractor performed the work. The Group's exposure to the claim is covered by the insurance and the Excess will be indemnified by the subcontractor as agreed. The actual amount of the claim is not yet finalised as it is still negotiating between the insurance company and the customer as at 31 March 2025 and up to the date of approval for issuance of the consolidated financial statements.

(b) Deposits were mainly paid for industry-related membership and rental and utilities deposits in respect of the Group's business and operational use.

(c) Prepayments were mainly represented by project payment in advance to suppliers and sub-contractors and prepaid insurance.

The movements in the allowance for credit losses on other receivables and deposits are as follows:

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
At beginning of the year	1	2
Impairment losses recognised	1	3
At end of the year	2	5

Details of impairment assessment of other receivables and deposits as at 31 March 2024 and 2025 are set out in Note 37(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. AMOUNTS DUE FROM DIRECTORS

The amounts due from directors are non-trade in nature, unsecured, interest free and repayable on demand and are subsequently assigned to the Issuer. The amounts are denominated in HK$.

Particulars disclosed pursuant to Section 383(1)(d) to the Hong Kong Companies Ordinance (Cap. 622) and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Name of directors		
Mr. KY Ip	3,579	4,577
Mr. Lui	2,401	2,106
	5,980	6,683

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Maximum outstanding amount during the year		
Mr. KY Ip	3,636	5,022
Mr. Lui	2,518	2,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. PLEDGED BANK DEPOSITS AND RESTRICTED CASH/CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at banks and on hand for the purpose of meeting the Group's short term cash commitments. Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 March 2024 and 2025, there was approximately HK$252,000 and HK$112,000 respectively denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

At 31 March 2024, there was HK$6,000,000 time deposits with maturity within three months, carrying interest range from 3.43% to 3.80% per annum.

At 31 March 2025, there was HK$1,000,000 time deposits with maturity within three months, carrying interest at 2.80% per annum was pledged to secure certain banking facilities granted to the Group (Notes 29 and 40).

At 31 March 2025, there was HK$850,000 cash placed in a bank as collateral for issuance of performance bonds (Note 40).

26. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Trade payables *(Note a)*	20,211	16,745
Other payables	98	58
Accruals *(Note b)*	4,540	3,059
Accrued listing expenses	—	379
Accrued issue costs	—	126
Rental deposits received	40	40
	24,889	20,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes:

(a) The credit period on trade payables is ranging from 0 to 90 days. Included in trade payables are the amounts of approximately HK$9,154,000 and HK$6,648,000 as at 31 March 2024 and 2025 respectively, which were unbilled and had been classified under "0-30 days" in the below ageing analysis. The ageing analysis of the trade payables based on invoice date is as follows:–

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
0 to 30 days	19,531	15,767
31 to 90 days	453	501
91 to 180 days	208	112
181 to 365 days	17	365
Over 365 days	2	—
	20,211	16,745

(b) Accruals were mainly represented by the accrued salaries to the employees of the Group.

27. CONTRACT LIABILITIES

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Advances received from customers	4,553	1,236

Changes in contract liabilities during the year ended 31 March 2025 mainly resulted from less projects which required deposits paid by the customers during the year ended 31 March 2025.

Contract liabilities represents billings in advance of performance in regarding the provision of E&M engineering and maintenance and inspection services. The amount of contract liabilities is negotiated on a case-by-case basis with customers and the movement is set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. CONTRACT LIABILITIES (CONTINUED)

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
At beginning of the year	2,009	4,553
Revenue recognised that was included in the contract liability balance at the beginning of the year	(2,009)	(4,553)
Increase of contract liabilities from customers	8,345	3,353
Decrease in contract liabilities as a result of recognising revenue during the year	(3,792)	(2,117)
At end of the year	4,553	1,236

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

28. LEASE LIABILITIES

The carrying amounts of the Group's lease liabilities are as follows:

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within 1 year	970	832
After 1 year but within 2 years	836	212
After 2 years but within 5 years	214	—
	2,020	1,044
Analysed into:		
Current portion	970	832
Non-current portion	1,050	212
	2,020	1,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. LEASE LIABILITIES (CONTINUED)

The incremental borrowing rates applied to the lease liabilities were ranged from 5.66% to 10.04% per annum.

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Interest on lease liabilities	128	117
Depreciation on right-of-use assets	819	971
Expenses relating to short-term leases	—	34
Total amounts recognised in profit or loss	947	1,122

29. BANK BORROWINGS

The analysis of the carrying amounts of bank borrowings is as follows:-

	As at 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Bank borrowing — unsecured and guaranteed *(Note a)*	6,314	4,541
Bank borrowings under supplier finance arrangements — secured and guaranteed *(Note b)*	—	1,651
	6,314	6,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. BANK BORROWINGS (CONTINUED)

At 31 March 2024 and 2025, bank borrowings due for repayment, based on the scheduled repayment terms set out in the borrowing agreements and without taking into account the effect of any repayment on demand clause are as follows:-

	As at 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Within one year	1,773	3,500
After 1 year but within 2 years	1,849	1,909
After 2 years but within 5 years	2,692	783
	6,314	6,192

Notes:

(a) The Group had a term loan with a principal amount of HK$9,000,000 that contain a repayment on demand clause under the SME Financing Guarantee Scheme which was guaranteed by The HKMC Insurance Limited, Mr. KY Ip and Mr. Lui with interest charged at 2.5% per annum below the Hong Kong Dollars Prime Rate (**"Prime rate"**) and will be matured on 31 July 2027. As at 31 March 2024 and 2025, the carrying amounts of the loan were approximately HK$6,314,000 and HK$4,541,000 respectively with the effective interest rates at 3.55% and 3.42% respectively. This term loan will be repaid by the Group upon Listing and the guarantee provided by Mr. KY Ip and Mr. Lui will also be released upon Listing.

(b) The Group has entered into certain supplier finance arrangements with certain banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group at the original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 90–120 days after settlement by the banks to the suppliers with interest rates ranging from 4.25%–6.00% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices.

In the consolidated statements of financial position, the Group has presented the payables to the banks under these arrangements as bank borrowings under supplier finance arrangements. At 31 March 2025, bank borrowings of approximately HK$1,651,000 were secured by those assignments over one of the Policies (Note 19), pledged bank deposits (Note 25) and guaranteed by a director, Mr. KY Ip. The guarantee arrangement by Mr. KY Ip will be released and is to be replaced by corporate guarantee provided by the Company upon Listing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. DEFERRED TAX

For the purpose of presentation in the consolidated statements of financial position, deferred tax assets and liabilities have been offset. The movements in deferred tax assets and liabilities during the years ended 31 March 2024 and 2025 are as follows:–

	Credit loss allowances	Depreciation allowances in excess of the related depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax (assets)/liabilities at 1 April 2023	(24)	286	262
Deferred tax (credited)/charged to the profit or loss during the year *(Note 11)*	(47)	2	(45)
Deferred tax (assets)/liabilities at 31 March 2024 and 1 April 2024	(71)	288	217
Deferred tax (credited)/charged to the profit or loss during the year *(Note 11)*	(43)	20	(23)
Deferred tax (assets)/liabilities at 31 March 2025	(114)	308	194

As at 31 March 2024 and 2025, the Group had unused tax losses of nil and approximately RMB888,000 (equivalent to approximately HK$959,000) available to offset against future profits sourced in the PRC respectively. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. No deferred tax asset has been recognised due to unpredictability of future profit streams.

31. SHARE CAPITAL

	Number of ordinary shares	Amount
		HK$'000
Issued and fully paid:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,000,000	1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statements of changes in equity.

Translation reserve

Translation reserve is the cumulative gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

33. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its investment property (Note 17) under operating lease arrangements, with leases negotiated for terms of four years. At the end of each reporting period, the Group had contracted with tenant for the following future minimum undiscounted lease payments:

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Within one year	240	140
Over one year but within two years	140	—
	380	140

34. RETIREMENT BENEFITS PLANS

Under the Mandatory Provident Fund Schemes Ordinance regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, the Group participates in a MPF Scheme operated by an approved trustee in Hong Kong and makes contributions for its eligible employees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income. The cap of monthly relevant income is HK$30,000 during the years ended 31 March 2024 and 2025. Contributions to the scheme vest immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. RETIREMENT BENEFITS PLANS (CONTINUED)

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefits scheme being operated by the local PRC government. The subsidiary is required to contribute a specified percentage of the average basic salary to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the years ended 31 March 2024 and 2025, the aggregate amounts of employer's contribution made by the Group were approximately HK$840,000 and HK$1,217,000 respectively.

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

The Employment & Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was gazetted on 17 June 2022, which abolishes the Offsetting Arrangement.

The Amendment comes into effect prospectively from 1 May 2025 (the "**Transition Date**"). Under the amended Ordinance, the eligible offset amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

Pension costs are assessed using the projected unit credit cost method. The pension costs are spread over the service lives of employees. A full valuation of the defined benefit obligation is based on the projected unit credit cost method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. RETIREMENT BENEFITS PLANS (CONTINUED)

The amounts recognised in the consolidated statements of financial position are determined as follows:

	As at 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
Provision for long service payment	129	216

Movements in the provision for long service payment are as follows:

	Year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
At beginning of the year	90	129
Current service costs	24	38
Interest expenses	3	5
Remeasurement:		
Loss from changes in financial assumptions	12	44
At the end of the year	129	216

Current service costs and interest expenses are recognised in administrative expenses and remeasurement of provision for long service payment are recognised in other comprehensive income in the consolidated statements of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group has the following material related party transactions in the normal course of its business:–

(a) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors and the senior management of the Company disclosed in Note 12 is as follows:

	Year ended 31 March	
	2024	2025
	HK$'000	*HK$'000*
Salaries and other benefits	3,173	3,584
Contributions to retirement benefits scheme	73	98
	3,246	3,682

(b) Details of the amounts due from directors are disclosed in Note 24.

(c) Transactions with related parties

		Year ended 31 March	
Staff costs	Relationship	2024	2025
		HK$'000	*HK$'000*
Ms. Cheung Fung Yee	Spouse of Mr. KY Ip	321	246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Financial assets		
At amortised cost:		
Trade receivables	19,692	30,264
Other receivables and refundable deposits	631	1,378
Amounts due from directors	5,980	6,683
Pledged bank deposits and restricted cash	—	1,850
Cash and cash equivalents	19,879	16,072
	46,182	56,247
Financial liabilities		
At amortised cost:		
Trade and other payables and accruals	24,849	20,367
Bank borrowings	6,314	6,192
Dividend payable	3,000	5,000
	34,163	31,559

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise trade receivables, other receivables and refundable deposits, amounts due from directors, pledged bank deposits and restricted cash, cash and cash equivalent, trade and other payables and accruals, dividend payable and bank borrowings. Details of the financial instruments are disclosed in respective notes. The main risk arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. The directors of the Company monitor the financial risk management of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The management will continue to monitor the interest rate exposure.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming these borrowings outstanding at the end of each reporting period were outstanding for whole year. A 100 basis points increase or decrease in Prime rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest during the years ended 31 March 2024 and 2025.

	Year ended 31 March	
	2024	2025
	HK$'000 *(Decrease)/increase in post-tax profit*	*HK$'000* *(Decrease)/increase in post-tax profit*
100 basis point increase	(53)	(38)
100 basis point decrease	53	38

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its operating activities (primarily for trade receivables and contract assets). The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance for ECL of trade receivables and contract assets based upon the expected collectability of all trade receivables and contract assets.

At 31 March 2024 and 2025, the Group has a certain level of concentration of credit risk as 33% and 45% of the gross trade receivables were due from the Group's largest customer in each year during the years ended 31 March 2024 and 2025, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

As 31 March 2024 and 2025, the Group has a certain level of concentration of credit risk as 69% and 77% of the gross trade receivables were due from the Group's five largest customers in each year during the years ended 31 March 2024 and 2025, respectively.

The bank balances were deposited with creditworthy banks. Bank balances of the Group are with counter parties with sound credit ratings to minimise credit risk exposures.

Impairment of financial assets

The following types of financial assets are subject to the ECL model:

- trade receivables and contract assets;
- other receivables and refundable deposits; and
- amounts due from directors

While bank balances and cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies HKFRS 9 and measures ECL based on a lifetime expected loss allowance for all trade receivables and contract assets.

The trade receivables and contract assets are assessed for impairment individually. The estimated ECL loss rates are estimated based on the default rates from international credit rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables and contract assets and are adjusted with forward-looking information that is available without undue cost or effort. These inputs are regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in Hong Kong to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables and contract assets (Continued)

The table below details the gross carrying amounts of the Group's trade receivables and contract assets, which are subject to ECL assessment:

		As at 31 March	
		2024	2025
	12-months or lifetime ECL	Gross carrying amount	Gross carrying amount
		HK$'000	*HK$'000*
Trade receivables.	Lifetime ECL (not credit-impaired)	19,729	30,365
	Lifetime ECL (credit-impaired)	204	500
Contract assets	Lifetime ECL (not credit-impaired)	24,286	17,939
	Lifetime ECL (credit-impaired)	125	31

Other financial assets at amortised cost

ECL for other financial assets at amortised cost, including amounts due from directors and refundable deposits and other receivables, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

In order to minimise the credit risk on refundable deposits and other receivables, the management of the Company closely monitors the follow-up action taken to recover any receivable balances outstanding over 180 days. In addition, the Group monitors subsequent settlement of each of the receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with HKFRS 9 on other balances individually. In this regard, the directors of the Company consider that the Group's credit risk on the refundable deposits and other receivables is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables and contract assets (Continued)

The management of the Company performed impairment assessment on amounts due from directors based on the sufficiency of highly accessible liquid assets, or the expected manner of recovery in the next 12 months. In addition, equity interest in the Company held by the directors is also considered. The ECL will be the effect of discounting the expected repayments at the loans effective interest rate over the period until cash is realised. On that basis, as at 31 March 2024 and 2025, the ECL of the amounts due from directors were immaterial.

(c) Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and bank balances. The Group monitored its compliance with covenants and repayment schedules of bank borrowings, and took measures to improve the Group's financial position. The directors of the Company have also reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

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. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time based regardless of the probability of the banks choosing to exercise their rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (Continued)

The total undiscounted cash flows of each financial liability based on the earliest date on which the Group can be required to pay approximate to their carrying amounts at each of the end of the reporting period as follows:

	Weighted average interest rate per annum	On demand or within 1 year	Over 1 year but within 2 years	Over 2 year but within 5 years	Total contractual undiscounted cash flows	Carrying amount
	(%)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2024						
Trade and other payables and accruals	N/A	24,849	—	—	24,849	24,849
Bank borrowing	3.55%	6,314	—	—	6,314	6,314
Dividend payable	N/A	3,000	—	—	3,000	3,000
Lease liabilities	8.41%	1,087	885	223	2,195	2,020
		35,250	885	223	36,358	36,183
At 31 March 2025						
Trade and other payables and accruals	N/A	20,367	—	—	20,367	20,367
Bank borrowing	3.42%	4,541	—	—	4,541	4,541
Bank borrowings under supplier finance arrangements	5.5%	1,651	—	—	1,651	1,651
Dividend payable	N/A	5,000	—	—	5,000	5,000
Lease liabilities	7.73%	882	220	—	1,102	1,044
		32,441	220	—	32,661	32,603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank borrowing with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amount include interest payments computed using the specified interest rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. The directors of the Company do not consider that it is probable that the bank will exercise its discretion 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 agreement.

	As at 31 March	
	2024	2025
	HK$'000	*HK$'000*
Within one year	1,963	1,968
After 1 year but within 2 years	1,968	1,967
After 2 years but within 5 years	2,786	819
	6,717	4,754

Certain portion of the Group's bank borrowings entered into supplier finance arrangements with a bank and this results in the Group having obligations of settlement concentrated with a bank rather than individual suppliers. The directors of the Company do not consider the supplier finance arrangements result in excessive concentrations of liquidity risk of the Group.

(d) Fair values of financial instruments

At 31 March 2024 and 2025, all financial instruments are carried at amounts approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the years ended 31 March 2024 and 2025.

The capital structure of the Group consists of net debts, which includes bank borrowings net of bank balances and equity attributable to owners of the Group, comprising share capital and reserve. The Group is not subject to any externally imposed capital requirement.

The management of the Group reviews the capital structure on a regular basis. 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 continuity of funding of cash flows from operating activities, the payment of dividends, new share issues, or issues of new debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. CASH FLOWS INFORMATION

(a) Reconciliation of liabilities from financing activities

The table below shows the material changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividend payable	Accrued issue costs	Lease liabilities	Bank borrowings
	HK$'000	*HK$'000*	*HK$'000* *(Note 28)*	*HK$'000* *(Note 29)*
At 1 April 2023	—	—	1,987	12,437
Changes from financing cash flows:				
Repayments of bank borrowings	—	—	—	(6,123)
Repayments of interests	—	—	—	(340)
Repayments of lease liabilities — principal	—	—	(784)	—
Repayments of lease liabilities — interests	—	—	(128)	—
Total changes from financing cash flows	—	—	(912)	(6,463)
Other changes:				
Addition of new lease	—	—	824	—
Interest expenses	—	—	128	340
Interim dividend declared	3,000	—	—	—
Exchange realignment	—	—	(7)	—
Total other changes	3,000	—	945	340
At 31 March 2024	3,000	—	2,020	6,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. CASH FLOWS INFORMATION (CONTINUED)

(a) Reconciliation of liabilities from financing activities (Continued)

	Dividend payable	Accrued issue costs	Lease liabilities	Bank borrowings
	HK$'000	*HK$'000*	*HK$'000* *(Note 28)*	*HK$'000* *(Note 29)*
At 1 April 2024	3,000	—	2,020	6,314
Changes from financing cash flows:				
Dividend paid	(3,000)	—	—	—
Repayments of bank borrowings	—	—	—	(9,243)
Repayments of interests	—	—	—	(375)
Repayments of lease liabilities — principal	—	—	(969)	—
Repayments of lease liabilities — interests	—	—	(117)	—
Payments of issue costs	—	(332)	—	—
Total changes from financing cash flows	(3,000)	(332)	(1,086)	(9,618)
Other changes:				
Interest expenses	—	—	117	375
Bank borrowings under supplier finance arrangements transfer from trade payables	—	—	—	9,121
Prepaid issue costs	—	16	—	—
Deferred issue costs	—	442	—	—
Interim dividend declared	5,000	—	—	—
Exchange realignment	—	—	(7)	—
Total other changes	5,000	458	110	9,496
At 31 March 2025	5,000	126	1,044	6,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. CASH FLOWS INFORMATION (CONTINUED)

(b) Information of supplier finance arrangements

In the consolidated statements of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements.

	As at 1 April	As at 31 March	
	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount of the financial liabilities that are subject to supplier finance arrangement			
Presented as part of "Bank borrowings"			
— of which suppliers have already received payment from the bank. . . .	1,950	—	1,651
	Days	*Days*	*Days*
Range of payment due dates			
For liabilities presented as part of "Bank borrowings"			
— liabilities that are part of supplier finance arrangements	90–120	N/A	90–120
— comparable trade payables that are not part of supplier finance arrangements	0–90	0–90	0–90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the years ended 31 March 2024 and 2025, borrowings under supplier finance arrangements of nil and approximately HK$9,121,000 respectively represent the payments to the suppliers by the relevant banks directly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. CONTINGENT LIABILITIES

At 31 March 2024 and 2025, the Group had contingent liabilities in respect of performance bonds issued by the banks to the customers to guarantee for the due and proper performance of the obligations undertaken by the Group's subsidiary for projects amounting to HK$2,360,000 and HK$2,850,000 respectively in its ordinary course of business. The performance bonds are expected to be released in accordance with the terms of the respective E&M engineering services contracts. The issuance of performance bonds were secured by one of the Policies (Note 19), pledged bank deposits and restricted cash (Note 25) and guaranteed by Mr. KY Ip under the banking facility. The guarantee arrangement by Mr. KY Ip will be released and is to be replaced by corporate guarantee provided by the Company upon Listing.

At 31 March 2025, the Group had contingent liabilities in respect of letter of credit issued by the bank to the supplier amounting to approximately HK$880,000. The issuance of letter of credit was guaranteed by The HKMC Insurance Limited, Mr. KY Ip and Mr. Lui under the SME Financing Guarantee Scheme. Such letter of credit was realised in May 2025 and the corresponding liabilities were settled in August 2025. These guarantee arrangements will be released upon Listing.