Ching Lee Holdings Limited
正利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3728

2023
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Ng Choi Wah *(Chairman)*
Mr. Lui Yiu Wing
Mr. Lam Ka Fai

Independent non-executive Directors:

Dr. Wai Wing Hong Onyx
Mr. Tong Hin Sum Paul
Mr. Chau Kam Wing Donald

AUDIT COMMITTEE

Mr. Chau Kam Wing Donald *(Chairman)*
Dr. Wai Wing Hong Onyx
Mr. Tong Hin Sum Paul

REMUNERATION COMMITTEE

Dr. Wai Wing Hong Onyx *(Chairman)*
Mr. Ng Choi Wah
Mr. Chau Kam Wing Donald

NOMINATION COMMITTEE

Mr. Ng Choi Wah *(Chairman)*
Dr. Wai Wing Hong Onyx
Mr. Tong Hin Sum Paul

COMPANY SECRETARY

Mr. Tsui Wing Tak (*Certified Public Accountants)*

AUTHORISED REPRESENTATIVES

Mr. Ng Choi Wah
Mr. Lui Yiu Wing

INDEPENDENT AUDITOR

BDO Limited
Registered Public Interest Entity Auditors
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 203–204, 2nd Floor
Hang Bong Commercial Centre
28 Shanghai Street
Jordan
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
4–4A Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Dah Sing Bank, Limited
Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Fubon Bank (Hong Kong) Ltd.
Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

Bank of Communication (Hong Kong) Ltd.
20 Pedder Street
Central
Hong Kong

COMPANY WEBSITE

www.chingleeholdings.com
(information of this website does not form part of this report)

STOCK CODE

3728

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Ching Lee Holdings Limited (our "**Company**", together with our subsidiaries, our "**Group**"), I have the pleasure to present to you the annual results for the year ended 31 March 2023.

OVERVIEW

During the year, the Group has overcome the impact of the coronavirus disease 2019 (COVID-19) pandemic and recovered speedily. The Group has engaged and kick started several new projects. In addition, our management team applied their abilities to enhance the project cost control to maintain the profit margin. We are pleased to say that in this financial year, the revenue increases rapidly and have foreseeable profits. The Group continues to capture different business opportunities with potential construction projects from our current customers networks.

FINANCIAL RESULTS

The total revenue of the Group increased by approximately HK$172.3 million or 32.1% from approximately HK$536.5 million for the year ended 31 March 2022 to approximately HK$708.8 million for the year ended 31 March 2023. In general, the increase in revenue was mainly due to the increase from superstructure building works services and repair, maintenance, alteration and addition for an existing structure ("**RMAA**") works services amount to approximately HK$117.5 million and HK$52.3 million respectively. Basic earnings per share for the year ended 31 March 2023 was HK1.17 cents as compared with basic loss per share was HK1.79 cents per share for the year ended 31 March 2022.

FORWARD

Looking ahead, we are hoping Hong Kong economy will resume its upward momentum due to the full resumption of normal traveller clearance and the labour importation policies implementation. The Group remains confident with the economic outlook and the prospects of the construction industry in Hong Kong. The Group continues focus on its core business in providing (i) substructure building works services, (ii) superstructure building works services, and (iii) RMAA works services as a main contractor in the private sector in Hong Kong and looking for any opportunities in public sector in Hong Kong; and at the same time, our management team will explore new opportunities as well as new merger and acquisition targets that will benefit the shareholders.

Furthermore, in the view of our comprehensive skills and learnt experience in the construction industry, the Group feels excited to explore the opportunities in infrastructure and property development projects in future.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my sincere gratitude to all our customers, shareholders and business partners for their continuous care and support. I would also like to thank all of our employees for their commitment and loyalty they have shown throughout the years.

By Order of the Board
Ng Choi Wah
Chairman

Hong Kong, 23 June 2023

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are a main contractor in Hong Kong principally engaged in providing (i) substructure building works services; (ii) superstructure building works services; and (iii) RMAA works services.

In general, substructure and superstructure building works refer to building works in relation to the parts of the structure below or above the ground level respectively, while RMAA works are for existing structures. The scope of our substructure building works projects consisted of demolition and hoarding, site formation and foundation works. The scope of our superstructure building works projects consisted of development and redevelopment of educational, residential, and commercial buildings, and the scope of our RMAA works consisted of improvement, fitting-out works, renovation works, restoration works and external works.

The Group's revenue for the year ended 31 March 2023 was recorded at approximately HK$708.8 million which represented an increase of approximately HK$172.3 million or 32.1% from approximately HK$536.5 million for the year ended 31 March 2022.

	Year ended 31 March		
	2023	2022	Increase
	HK$'000	HK$'000	%
Substructure building works services	**22,801**	20,320	12.2
Superstructure building works services	**614,593**	497,126	23.6
RMAA works services	**71,388**	19,056	274.6
	708,782	536,502	32.1

(i) Substructure building works services

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK$22.8 million (2022: approximately HK$20.3 million). The increase by approximately HK$2.5 million was mainly due to a project with larger size was awarded as compared to the year ended 31 March 2022.

(ii) Superstructure building works services

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK$614.6 million (2022: approximately HK$497.1 million). The increase by approximately HK$117.5 million was mainly due to the increase in number of new projects commenced for the year ended 31 March 2023.

(iii) RMAA works services

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK$71.4 million (2022: approximately HK$19.1 million). The increase by approximately HK$52.3 million was mainly due to the projects with substantial work progress during the year ended 31 March 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2023 recorded at approximately HK$708.8 million which represented an increase of approximately HK$172.3 million or 32.1% from approximately HK$536.5 million for the year ended 31 March 2022. The increase in total was mainly due to an increase from superstructure building works services and RMAA works services amount to approximately HK$117.5 million and HK$52.3 million respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK$47.4 million or 195.7%, from approximately HK$24.2 million for the year ended 31 March 2022 to approximately HK$71.7 million for the year ended 31 March 2023. During the year ended 31 March 2023, the gross profit margin was approximately 10.1%, which is higher than the gross profit margin of prior year of approximately 4.5%. The increase was mainly due to the increase in number of new projects and effective cost control compared to the year ended 31 March 2022.

Other Income and Gains or Losses, net

Other income and gains or losses, net decreased by approximately HK$2.3 million or 58.2% from approximately HK$3.9 million for the year ended 31 March 2022 to approximately HK$1.6 million for the year ended 31 March 2023. The decrease was mainly due to the changes in fair value of financial assets at fair value through profit or loss ("**FVTPL**"), offset by the dividend income from financial assets at FVTPL and government subsidies.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by approximately HK$7.3 million or 16.2% from approximately HK$45.3 million for the year ended 31 March 2022 to approximately HK$52.6 million for the year ended 31 March 2023.

Administrative and other operating expenses mainly consist of employee benefit expense (including salaries, allowances, other benefits and contribution to defined contribution retirement plan), legal & professional fee, business development cost, depreciation and others. The increase was mainly attributable by (i) the increase in employee benefit expense of approximately HK$3.3 million, (ii) the increase in written off of contract assets of approximately HK$2.7 million and (iii) the increase in legal and professional fee of approximately HK$1.1 million.

Finance Costs

Finance Costs increased by approximately HK$3.0 million or 89.6% from approximately HK$3.3 million for the year ended 31 March 2022 to approximately HK$6.3 million for the year ended 31 March 2023, which was mainly due to an increase in average bank borrowings and interest rate during the year ended 31 March 2023.

Income Tax

Income tax changed from approximately HK$2.7 million tax credit for year ended 31 March 2022 to approximately HK$2.7 million tax expense for the year ended 31 March 2023.

Management Discussion and Analysis

Profit/(Loss) and Total Comprehensive Income for the Year Attributable to the Owners of the Company

The Group recognized net profit of approximately HK$11.8 million for the year ended 31 March 2023 as opposed to the net loss of approximately HK$18.2 million for the year ended 31 March 2022.

The turn around from loss to profit was mainly due to the increase in revenue due to the increase in number of new projects in superstructure building works services and RMAA works services and effective cost control compared to the year ended 31 March 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had total assets of approximately HK$582.4 million, which is financed by total liabilities and shareholders' equity of approximately HK$465.9 million and HK$116.6 million, respectively. The Group's current ratio remained stable at approximately 1.2 and 1.1 at 31 March 2022 and 31 March 2023.

GEARING RATIO

The gearing ratio of the Group as at 31 March 2023 was approximately 120.4% (31 March 2022: approximately 67.0%), which is calculated based on the total lease liabilities and total bank borrowings divided by total equity as at the respective reporting date.

CONTINGENT LIABILITIES

At the end of 31 March 2023, there were no significant contingent liabilities for the Group.

COMMITMENTS

At the end of the reporting periods, there were no significant capital commitments for the Group.

CHARGES ON GROUP ASSETS

Assets with a carrying value of approximately HK$91.2 million were pledged as securities for the Group's banking facilities.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 6 to this annual report.

FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the year ended 31 March 2023.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings were denominated in Hong Kong dollars, hence, there is no significant exposure to foreign exchange rate fluctuations.

Management Discussion and Analysis

CAPITAL STRUCTURE

The Share of the Company were successfully transferred from the GEM Board to the Main Board of the Stock Exchange on 18 September 2017. On 10 May 2018, the Company has allotted and issued 13,000,000 consideration shares at an issue price of HK$0.39 per consideration share as part of the consideration in accordance with the terms and conditions of the Share Purchase Agreement of the acquisition of 30% of New Bright Engineering Limited. There has been no other change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2023, the Company's issue share capital was HK$10,130,000 and the number of its issued ordinary share was 1,013,000,000 of HK$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments or capital assets during the year ended 31 March 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2023, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed a total of 143 employees (31 March 2022: 94 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution to defined contribution retirement plan) for the year ended 31 March 2023 were approximately HK$59.6 million (31 March 2022: approximately HK$51.2 million).

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive welfare benefits, including exam leave, retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees. Our executive Directors will also conduct research on the remuneration packages offered for similar positions in the Hong Kong construction main contracting industry in order to keep our remuneration packages at a competitive level. We have also adopted the Share Option Scheme which is designed to provide incentives and rewards to our employees.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

On 7 April 2022, the Company entered into a subscription agreement and a shareholders' agreement with Zun Wang Holdings Limited, Primo Holdings Limited, RJHK Company Limited, Gainful Asset Management Limited and Berrystead Investment Holdings Limited (collectively the "**Shareholders**"), independent third parties, which the Company and the Shareholders agreed to subscribe Project Company (the "**Subscription**"). The total subscription price was HK$120 million. As at 31 March 2022, there was a deposit paid for the Subscription of HK$2,430,000.

Further details are set out in the Company's announcements dated 9 December 2021, 14 December 2021 and 7 April 2022.

Except for the above investment, investment in its subsidiaries and investment in associate, the Group did not hold any significant investments during the year ended 31 March 2023.

EVENTS AFTER THE REPORTING PERIOD

There were no materials events after the reporting period.

PRINCIPAL RISKS AND UNCERTAINTIES

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

I. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;

II. We depend on our suppliers for concrete, steel and other construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;

III. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;

IV. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;

V. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;

VI. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;

VII. Expiry, withdrawal, revocation, downgrading and/or failure to renew any of our various registrations and certifications would adversely affect our operations and financial results; and

VIII. There is no guarantee that we would not be subject to any claims in relation to defects of our works, which may result in further costs to make good the defects, and/or deduction of the retention monies to be released and/or claims from our customers against us.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. NG Choi Wah, aged 57, the Chairman and Chief Executive Officer of Ching Lee Holdings Limited, is the founder of the Group. Mr. Ng is Managing Director of Ching Lee Engineering Limited, and also a director of Ching Lee Construction Limited and Ching Lee Foundation Limited. Mr. Ng oversees the Group's corporate strategy, business development, operational management as well as sales and marketing for many years. He has over 30 years of experience in providing building work services from a site agent or sub-agent during 1988-1990 to a project manager in 1993-1998 for other construction companies. Until December 2015, Mr. Ng has been appointed as the Chairman of Ching Lee Holdings Limited.

Mr. Ng is currently a chartered building engineer and was registered as a Chartered Environmentalist, BEC Institute of Environmental Education Society for the Environment in January 2012. He was also elected as a member of the Association of Building Engineers (currently known as the Chartered Association of Building Engineers) in July 2013. Mr. Ng holds a bachelor's degree in Applied Science in Construction Management and Economics from Curtin University of Technology in Australia.

Mr. Ng has been appointed to the Guangdong Provincial Standing Committee of the Chinese People's Political Consultative Conference (CPPCC) by Central People's Government. Mr. Ng is the Chairman of Hong Kong General Building Contractors Association, was an honorary treasurer of the Hong Kong General Building Contractors Association for the period between 2015 and 2017, and a vice president of East Kowloon region of the Scout Association in Hong Kong in June 2015. Mr. Ng is multitasking in addition to several public appointments is listed in the table below:

Entities	Position	Duration
Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC)	Standing Committee	January 2023–Present
Hong Kong Meizhou (Ka Ying) General Chamber of Commerce	Chairman	January 2022–Present
Federation Of Hong Kong Guangdong Community Organisations	Vice Chairman	July 2019–Present
Hong Kong General Building Contractors Association	Chairman	July 2022–Present
Islands District Fight Crime Committee	Committee	January 2023–Present

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

Mr. LUI Yiu Wing, aged 51, was appointed as an executive Director on 16 December 2015. Mr. Lui is responsible for overseeing the operational management of our Group. Mr. Lui is also a director of Ching Lee Construction Limited and Ching Lee Engineering Limited. He has over 19 years of experience in the building works industry. He became a registered architect of the Architects Registration Board in October 1999. In May 2003, Mr. Lui joined our Group and acted as a director of Ching Lee Construction Limited. He was then promoted to senior project manager in October 2012.

Mr. Lui graduated with a bachelor's degree in social science from the Chinese University of Hong Kong in December 1994. He then received his master's degree in architecture from the Chinese University of Hong Kong in December 1997.

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

Biographical Details of Directors and Senior Management

Mr. LAM Ka Fai, aged 50, was appointed as an executive Director on 16 December 2015. In May 2003, Mr. Lam joined our Group and acted as a director of Ching Lee Construction Limited and is currently responsible for overseeing the operational management of our Group. Mr. Lam is also a director of Ching Lee Construction Limited and Ching Lee Engineering Limited. He has over 22 years of experience in the building works industry. In January 2014, he became a member of the Chartered Institute of Building and a chartered building engineer of the Chartered Association of Building Engineers, in the United Kingdom.

Mr. Lam worked as a project co-ordinator at W.M. Construction Limited from September 1997 to April 1998. From April 1999 to July 2014, Mr. Lam worked as a project co-ordinator at Hien Lee Engineering Co., Ltd and his last position was project manager. Since July 2014, Mr. Lam has served our Group as a senior E&M project manager.

In November 2007, he obtained a bachelor's degree in engineering in building engineering (building services engineering) from the City University of Hong Kong. In October 2011, Mr. Lam obtained a master's degree in science in project management from The Hong Kong Polytechnic University. He became a member of the Australian Institute of Building in July 2013.

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

Independent Non-executive Directors

Dr. WAI Wing Hong Onyx, aged 62, was appointed as an independent non-executive Director on 10 March 2016. He is also the chairman of the remuneration committee and a member of the audit and nomination committees of our Company. He is primarily responsible for providing independent judgment to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of our Group.

Dr. Wai joined the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) as a lecturer in October 1992 and retired from his position as a professor in the Department of Civil and Environmental Engineering of The Hong Kong Polytechnic University in September 2020. He is currently an adjunct professor in the Department of Civil and Environmental Engineering of The Hong Kong Polytechnic University and also a visiting professor in Guangdong Engineering Technology Research Center for Ocean Dynamics and Structural Safety of Sun Yat-Sen University in Guangzhou.

Dr. Wai obtained his bachelor's degree in applied science in civil engineering at the University of Windsor in Windsor, Canada in June 1984. In August 1986, he received his master's degree in science in the Ohio State University in the USA. In December 1991, Dr. Wai obtained his doctor of philosophy at the same university. In December 2014, he received a merit award in "Study of Green Roof (Landscape Research Study Category)" from The Hong Kong Institute of Landscape Architects. Dr. Wai also has a number of professional appointments. He is currently a member of the Advisory Panel on Coastal Engineering, Civil Engineering and Development Department, Hong Kong Government. Dr. Wai was admitted as a member of the Hong Kong Institution of Engineers in June 2000. Dr. Wai has also contributed to various journals and publications, including, among others, "Environmental Pollution" and "Journal of Hydrology".

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

Biographical Details of Directors and Senior Management

Mr. TONG Hin Sum Paul, aged 85, was appointed as an independent non-executive Director on 10 March 2016. He is also a member of the audit and nomination committees of our Company. He is primarily responsible for providing independent judgment to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of our Group.

Mr. Tong was called to the bar in 1989 and is currently a barrister. He was appointed as a life fellow of St. John's College, the University of Hong Kong, in 2008. Mr. Tong was a panel member of the Securities and Futures Appeals Tribunal for the period between April 2009 and March 2011.

Mr. Tong obtained his bachelor's degree in arts from the University of Hong Kong in November 1963. Mr. Tong went to Yale University and obtained a master's degree in sacred theology in July 1971. He then furthered his studies in the University of Cambridge, England, and obtained his bachelor's degree in arts and master's degree in arts in June 1987 and February 1991, respectively.

Mr. Tong has been appointed as an independent non-executive director of Hang Tai Yue Group Holdings Limited (stock code: 8081), a company listed on the GEM of the Stock Exchange, since 10 September 2021.

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

Mr. CHAU Kam Wing Donald, aged 60, was appointed as an independent non-executive Director on 10 March 2016. He is also the chairman of the audit committee and a member of the remuneration committee of our Company. He is primarily responsible for providing independent judgment to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of our Group.

He has over 30 years of experience in audit, tax and financial management. Mr. Chau is an executive director of Winox Holdings Limited (stock code: 6838), the issued shares of which is listed on the Stock Exchange, since March 2011. He is also an Independent Non-executive Director of 康達國際環保有限公司 (Kangda International Environmental Company Limited) (Stock code: 6136) since April 2019, China Water Affairs Group Limited (stock code: 855) since March 2007, Eco-Tek Holdings Limited (stock code: 8169) since March 2008, Carpenter Tan Holdings Limited (stock code: 837) since November 2009, 浙江長安仁恒科技股份有限公司 (Zhejiang Chang'an Renheng Technology Co., Ltd.) (stock code: 8139) since May 2014 till May 2019, the issued shares of which are listed on the Stock Exchange. From November 2009 to June 2015, Mr. Chau was also an independent non-executive director of 浙江世寶股份有限公司 (Zhejiang Shibao Company Limited) (Hong Kong stock code: 1057 and Shenzhen stock code: 2703), the issued shares of which are listed on the Stock Exchange and Shenzhen Stock Exchange.

Mr. Chau obtained a master's degree in business administration from the University of San Francisco, United States in December 2000. He is also a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

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

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. CHUN Wai Ho, aged 39, joined our Group in October 2017 and is currently a senior project manager. He is responsible for overall project management to meet the quality, cost, statutory, safety and environment issues as well as scheduling requirements of the project.

Mr. Chun obtained his Higher Diploma in Building Studies from Hong Kong Institute of Vocational Education in 2015, In 2017, he received his bachelor's degree in applied science in Construction Management from Birmingham City University by distance learning.

Mr. Chun has over 18 years' experience in the construction industry, his working experience prior to joining our Group is listed in the table below:

Entitles	Position	Duration
China Zhejiang Construction Group (H.K.) Limited	Leveller/Contractor Labour Officer	July 2004–March 2010
Aggressive Construction Company Limited	Assistant Project Coordinator	February 2010–November 2011
Paul Y. Construction & Engineering Company Limited	Assistant Project Coordinator	November 2011–May 2013
Hsin Chong Construction (Engineering) Limited	Deputy Project Manager/Senior Project Coordinator/Project Coordinator	May 2013–October 2017
Ching Lee Engineering Limited	Senior Project Manager/Project Manager	October 2017–present

Mr. Neville Tang Chun Wah, aged 49, who has over 20 years' experiences in building industrial. Mr. Tang has joined our Group in October 2016 and is currently a senior project manager. He is responsible for overseeing redevelopment construction project.

Mr. Tang received his bachelor's degree in science majoring Architectural Engineering from University of Westminster, UK in July 1997 and Postgraduate Diploma in Architecture from Liverpool John Moores University in July 2000.

Mr. Tang's working experience prior to joining our Group is listed in the table below:

Entities	Position	Duration
Quattro Architect partnership (HK) Ltd	Assistance Architect	1997–1998
MLA Architect (HK) Ltd	Assistance Architect	2000–2007
Percy Thomas Partnership (HK)Ltd.	Assistance Architect	2007–2010
Keung Kee Construction Limited	Project Manager	2010–2016
Ching Lee Engineering Ltd.	Project Manager	2016–2018
Ching Lee Engineering Ltd.	Senior Project Manager	2018–Present

Mr. LEE Tsz Yuen, aged 44, joined our Group in March 2007 and is currently a contract manager. He is responsible for overseeing the operations of sub-vetting and quantity surveying.

Mr. Lee has considerable experience in surveying and building works. His working experience prior to joining our Group is listed in the table below:

Entities	Position	Duration
Diamond Term Limited	Surveyor	May 2003–February 2006
Diamond Term Decoration Limited	Quantity surveyor	March 2006–September 2006
WH Interior Design & Contracting Co. Limited	Assistant quantity surveyor	November 2006–March 2007

In July 2008, Mr. Lee obtained a higher diploma in quantity surveying from (Hong Kong) Continuous Professional Education Centre.

Ms. WONG Hoi Lun, aged 49, is a safety officer of our Group. She joined our Group in September 2013.

Ms. Wong has over 12 years of experience in construction safety industry. She is responsible for implementing the safety management system in our Group.

Ms. Wong obtained her Higher Diploma in Building Services Engineering from Hong Kong Technical College in 1997, she received her diploma in Occupational Health and Safety from The Open University of Hong Kong in 2002. She is a registered safety officer and registered safety auditor under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations, and the Factories and Industrial Undertakings (Safety Management) Regulation respectively.

Biographical Details of Directors and Senior Management

Mr. NG Ho Nam, aged 35, is a building services manager of our Group. He joined our Group in October 2015.

Mr. H.N. Ng has about 13 years of experience in building and engineering industry. From February 2010 to September 2012, he was an assistant engineer at Telemax Environmental and Energy Management Limited. He was primarily responsible for providing design of building services installation for building projects. He then joined Hsin Chong Construction (Engineering) Limited as a building services engineer from October 2012 to September 2015, in which he had gained experience in managing and coordinating a team to handle building projects.

Mr. H.N. Ng obtained his Higher Diploma in Building Services Engineering from Hong Kong Institute of Vocational Education in 2012. In 2014, he received his bachelor's degree in Engineering majoring in Fire Engineering from City University of Hong Kong.

Mr. H.N. Ng's working experience prior to joining our Group is listed in the table below:

Entities	Position	Duration
Telemax Environmental and Energy Management Limited	Assistant Building Services Engineer	February 2010–September 2012
Hsin Chong Construction (Engineering) Limited	Building Services Engineer	October 2012–September 2015
Ching Lee Engineering Limited	Building Services Coordinator	October 2015–May 2020
Ching Lee Engineering Limited	Electrical and mechanical manager	June 2020–present

COMPANY SECRETARY

Mr. Tsui Wing Tak, aged 41, was appointed by the Board as the company secretary of the Company on 14 August 2017. Mr. Tsui has more than 19 years of experience in the accounting and corporate field. Mr. Tsui has been the Chief Executive Officer of AE Majoris Advisory Company Limited which is principally engaged in the provision of corporate advisory services, since January 2012. He was the Company Secretary of Noble House (China) Holdings Limited (now known as Zhonghua Gas Holdings Limited) (stock code: 8246), a company listed on GEM of the Stock Exchange, from July 2013 to August 2014. From August 2004 to January 2012, Mr. Tsui worked in an international accounting firm in Hong Kong with his last position as a Manager in auditing. Mr. Tsui has been the Executive Director of Tree Holdings Limited (stock code: 8395), a company listed on the GEM Board of the Stock Exchange, since 6 September 2016. Mr. Tsui was a Non-Executive Director of CCT Land Holdings Limited (stock code: 261), a company listed on the Main Board of the Stock Exchange, from January 2017 to April 2018. Mr. Tsui was the Non-Executive Director and Company Secretary of Jiu Zun Digital Interactive Entertainment Group Holdings Limited (now known as Infinities Technology International (Cayman) Holding Limited) (stock code: 1961), a company listed on the Main Board of the Stock Exchange from February 2019 to May 2022. Mr. Tsui has been appointed as the Non-Executive Director of Star Group Company Limited (stock code: 1560), a company listed on the Main Board of the Stock Exchange since February 2022. On 15 February 2022, Mr. Tsui has been appointed as an Executive Director and the Chairman of Capital Estate Limited (stock code: 193), a company listed on the Main Board of the Stock Exchange.

Mr. Tsui was appointed by the Embassy of the Republic of the Uganda in Beijing as Honorary Trade, Tourism and Investment Consultant/Adviser on China (Hong Kong and Macau SAR) from November 2016 to June 2019.

Mr. Tsui was appointed as a member of the Chinese People's Political Consultative Conference of Qinzhou City in Guangxi Province in China since December 2019.

Mr. Tsui was appointed by the Ministry of Foreign Affairs and Regional Integration of the Republic of Ghana as Honorary Consul of Ghana in Hong Kong in March 2020.

Mr. Tsui graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration (Honours) in Accounting in November 2004. He was admitted as a Certified Public Accountant and a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants in January 2009 and January 2012, respectively.

COMPLIANCE OFFICER

Mr. Ng Choi Wah, was appointed as the compliance officer of our Company on 21 December 2015. Details of the qualification and experience of Mr. Ng have been disclosed in the paragraph headed "Executive Directors" of this section.

AUTHORISED REPRESENTATIVES

Mr. Ng and Mr. Lui are the authorised representatives of our Company.

Corporate Governance Report

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICE

Pursuant to the code provision C.2.1 of the CG Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Ng Choi Wah currently assumes the role of both chairman of the Company and chief executive of the Company. In view that Mr. Ng has been assuming day-to-day responsibilities in operating and managing our Group since 1998 and the rapid development of our Group, the Board believes that with the support of Mr. Ng's extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and chief executive officer of our Company in Mr. Ng strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to our Group. Mr. Ng delegates the role and responsibilities including operations, management, business development and strategy planning of the Group to other Executive Directors. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

In the opinion of the Board, the Company has complied with the principles and code provisions in the CG as set out in Appendix 14 to the Listing Rules with the exception for code provision C.2.1 as disclosed above for the year ended 31 March 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as a code of conduct regarding directors' securities transactions.

All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code for the year ended 31 March 2023 and up to the date of this report.

BOARD OF DIRECTORS

Composition

The composition of the Board during the year and up to the date of this annual report is set out as follows:

Executive Directors

Mr. Ng Choi Wah *(Chairman)*
Mr. Lui Yiu Wing
Mr. Lam Ka Fai

Independent non-executive Directors

Dr. Wai Wing Hong Onyx
Mr. Tong Hin Sum Paul
Mr. Chau Kam Wing Donald

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 9 to 15 of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed three independent non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

Each of the Independent non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company considers that all Independent non-executive Directors to be independent.

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board supervises the management of the business and affairs of the Company and ensures that it is managed in the best interests of the shareholders as a whole while taking into account the interest of other stakeholders. The Board is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management update report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

The Board is also responsible for the corporate governance functions under code provision A.2.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the directors have a balance of skills and experience for the business of the Group.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our Executive Directors has entered into a service contract with our Company on 10 March 2016 and we signed letters of appointment with each of our Independent non-executive Directors on the same day. The service contracts with our Executive Directors are for an initial term of three years commencing from 29 March 2016 and can be terminated by either party giving not less than three months' notice in writing. The letter of appointment with each of our Independent non-executive Directors are for one year until 31 March 2023 commencing from 1 April 2022 and can be terminated by either party giving not less than one month's notice in writing.

The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts can be renewed in accordance with our articles of association and the applicable Listing Rules.

According to our articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

The Company has taken out directors and officers liability insurance to cover liabilities arising from legal action against the Directors.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

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

During the year, the Board held four meetings and one Shareholders' meeting (being the annual general meeting of the Company) was held. The Directors' attendance records in respect of meetings held during the year and up to the date of this report are shown as follows:

	Attendance Record of Meetings held during the Year				
Name of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**
Number of total meetings	4	2	1	2	1
Mr. Ng Choi Wah	4/4	N/A	1/1	2/2	1/1
Mr. Lui Yiu Wing	4/4	N/A	N/A	N/A	1/1
Mr. Lam Ka Fai	4/4	N/A	N/A	N/A	1/1
Dr. Wai Wing Hong Onyx	4/4	2/2	1/1	2/2	1/1
Mr. Tong Hin Sum Paul	4/4	2/2	1/1	N/A	1/1
Mr. Chau Kam Wing Donald	4/4	2/2	N/A	2/2	1/1

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills.

The Company Secretary from time to time updates and provides written training materials on the latest developments of applicable Listing Rules and regulations to the Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Ng Choi Wah currently assumes the role of both chairman of the Company and chief executive of the Company. In view that Mr. Ng has been assuming day-to-day responsibilities in operating and managing our Group since 1998 and the rapid development of our Group, the Board believes that with the support of Mr. Ng's extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and chief executive officer of our Company in Mr. Ng strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to our Group. Mr. Ng delegates the role and responsibilities including operations, management, business development and strategy planning of the Group to other Executive Directors. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

BOARD COMMITTEE

The Board has established three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website at www.chingleeholdings.com. All the Board committees should report to the Board on their decisions or recommendations made. The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

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

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

Audit Committee

The Audit Committee currently consists of all three of our Independent non-executive Directors, namely Dr. Wai Wing Hong Onyx, Mr. Tong Hin Sum Paul and Mr. Chau Kam Wing Donald. Mr. Chau Kam Wing Donald who has the appropriate accounting and financial related management expertise, is the chairman of the Audit Committee. The primary duties of our Audit Committee are (i) to make recommendations to our Board on the appointment and removal of external auditors, (ii) to review the financial statements and material advice in respect of financial reporting process of our Group and (iii) to oversee the internal control systems of our Group. The Committee's authority and duties are set out in written terms of reference which are posted on the websites of the Company and the Stock Exchange.

The Company has established an audit committee with the written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. The Group's consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2023 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee currently consists of an Executive Director, namely Mr. Ng, and two of our Independent non-executive Directors, namely Dr. Wai Wing Hong Onyx and Mr. Chau Kam Wing Donald. Dr. Wai Wing Hong Onyx is the chairman of our Remuneration Committee. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2023. The primary duties of our Remuneration Committee are (i) to review and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; (ii) to review and approve other remuneration-related matters, including benefits-in-kind and other compensation payable to our Directors and senior management; and (iii) to review and approve performance-based remuneration and to establish a formal and transparent procedure for developing policy in relation to remuneration. The Committee's authority and duties are set out in written terms of reference which are posted on the websites of the Company and the Stock Exchange.

Remuneration of directors and senior management

Our Directors and senior management receive compensation in the form of salaries, allowances, bonuses and other benefits-in-kind, including our contribution to the pension scheme. Our Remuneration Committee determines the salaries of our Directors based on each Director's qualification, position and seniority.

Nomination Committee

The Nomination Committee currently consists of one Executive Director, namely Mr. Ng, and two of our Independent non-executive Directors, namely Dr. Wai Wing Hong Onyx and Mr. Tong Hin Sum Paul. Mr. Ng is the chairman of the Nomination Committee. The primary duties of our Nomination Committee are (i) to review the structure, size and composition of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members and to select or make recommendations to our Board on the selection of individuals for nomination of directorships of the Company; (iii) to assess the independence of Independent non-executive Directors; and (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors. The Committee's authority and duties are set out in written terms of reference which are posted on the websites of the Company and the Stock Exchange.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

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

For the Board's composition and gender ratio in the workforce (including senior management), please refer to the Environmental, Social and Governance Report in this annual report.

NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Nomination Policy which sets out the selection criteria and process in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board members have a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Reputation for integrity;
- Accomplishment, experience and reputation in the business and industry;

- Commitment in respect of available time and relevant interest;
- Compliance with the criteria of independence, in case for the appointment of an independent non-executive director, as prescribed under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange;
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2023, there was no change in the composition of the Board.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for the year ended 31 March 2023 to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 March 2023 set out in this annual report.

AUDITORS' REMUNERATION

For the year ended 31 March 2023, the remuneration paid or payable to BDO Limited and its affiliate companies in respect of audit and non-audit services provided is set out below:

Services rendered	**Remuneration paid/payable** HK$'000
Audit services	1,200
Non-audit services	111
	1,311

Corporate Governance Report

INTERNAL CONTROLS AND RISK ASSESSMENT

The Board is responsible for the establishment, maintenance and review of the Group's system of internal controls and risk assessment. Reviews of internal controls systems of different operations were conducted by an independent external risk advisory firm to ensure the effectiveness and adequacy internal controls system.

The Board considered the internal controls system of the Group to be adequate and effective for the year ended 31 March 2023. The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget which are considered to be adequate for the year ended 31 March 2023.

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

The Group also recognises that good risk management is essential for the long-term development on the Group's business. The Group has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, financial reporting, human resources and information technology. All employees are committed to implement the risk management framework into the daily operation.

Whistle-blowing Policy

The Group has adopted a whistle-blowing policy to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about the possible improprieties in any matter related to the Group.

Anti-corruption Policy

The Group does not allow or tolerate any forms of corruption. The Group has adopted the anti-corruption policy, which outlines the Group's zero-tolerance stance against bribery and corruption and sets out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, department staff/employees are responsible for identifying, assessing and monitoring risks associated with each business or transactions. The management, as the second line of defence, provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the professional advices and opinions from the external professional company by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

COMPANY SECRETARY

Mr. Tsui Wing Tak, was appointed by the Board as the Company Secretary on 14 August 2017. The biographical details of Mr. Tsui are set out under the section headed "Biographical Details of Directors and Senior Management".

The primary duties of the Company Secretary include, but are not limited to, the following: (i) to ensure the Board procedures are followed and that the activities of the Board are carried out efficiently and effectively; (ii) to assist the chairman to prepare agendas and Board papers for meetings and disseminate such documents to the Directors and Board committees in a timely manner; (iii) to timely disseminate announcements and information relating to the Group; and (iv) to maintain formal minutes of the Board meetings and other Board committee meetings.

During the year ended 31 March 2023, the Company Secretary of the Company had confirmed that he had taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

HANDLING INSIDE INFORMATION

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

SHAREHOLDERS' RIGHT

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Procedures and right for shareholders to convene EGM

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

(a) Pursuant to Article 58 of the articles of association, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;

(b) The written requisition must state the purposes of the meeting, signed by the Eligible Shareholder(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Room 203–204, 2nd Floor, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists;

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

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

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

Right to put enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Procedures for shareholders to put forward proposals at shareholders' meetings

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual report, interim report and quarterly reports, notices, announcements and circulars that are available on Company's website at www.chingleeholdings.com.

The Company adopted a Shareholders' communication policy with an aim at providing the Shareholders and potential investors with timely information about the Company and enabling them to engage actively with the Company and to exercise their rights in an informed manner.

At the 2022 AGM, a special resolution was passed to adopt a new articles of association of the Company in order to bring the articles of association in line with the amendments made to Appendix 14 to the Listing Rules which became effective on 1 January 2022 and the applicable laws of the Cayman Islands and to incorporate certain housekeeping amendments. Details of the amendments were set out in the circular of the Company dated 26 August 2022. A copy of the latest consolidated version of the articles of association is posted on the Company's and the Stock Exchange's respective websites.

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

APPROACH

Ching Lee Holdings Limited ("**Ching Lee**" or "the **Company**") and its subsidiaries (collectively, "**the Group**" or "**we**") are committed to providing high-quality substructure building work services, superstructure building work services and repair, maintenance, alteration and addition works services ("**RMAA**") as a main contractor. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability. We are constantly capturing opportunities to create long-term value for the shareholders and environment.

The Group recognizes its responsibility to be accountable to all its stakeholders, including clients, potential investors and shareholders, employees, non-governmental organizations (NGOs) and local community. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach, at Ching Lee, we have established a tailor-made communication method in order to better meet each stakeholder's expectations.

Within the Group, we are continuously monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands, and environmental impacts, we are committed to continuously monitoring the risks and opportunities that existed in our daily operation and embracing transparent corporate culture to ensure our sustainability strategies are well communicated to our employees, clients, the communities, and other stakeholders.

To implement sustainability strategies to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Group is pleased to present our Environmental, Social and Governance ("**ESG**") Report (the "**Report**"). The content contained herein focuses on providing an overview of the environmental, social and governance performance of our major operations in Hong Kong from 1 April 2022 to 31 March 2023 (the "**Reporting Year**" or "**FY2022/23**"). It allows us to conduct thorough performance review and evaluation for enhanced results in the future. The Reporting Year is consistent with our financial year.

Scope of the Report

This Report has been prepared in accordance with the disclosure requirements of the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") in Appendix 27 to the Listing Rules on the Stock Exchange. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong for the Reporting Year. This Report summarises the ESG implementation of Ching Lee Engineering Limited, the main business unit of the Group, which helps to evaluate the ESG performance of the Group's business operations in the Hong Kong.

Reporting Principle

This Report complies with the requirements of the ESG Reporting Guide in Appendix 27 of the Listing Rules issued by the Stock Exchange, covering the reporting principles of materiality, quantification and consistency. Details are set out as follows:

Materiality

Apart from internal factors such as company value, business strategies, and core competencies, the Group also values both internal and external communication with its stakeholders, while considering the ESG strategies of its competitors in achieving sustainable development.

For the Reporting Year, the material ESG issues are those which have or may have a significant impact on:

- The Hong Kong construction industry;
- The global construction market;
- The current or future environment or society in which we operate;
- Our financial performance or operations; and/or
- Our stakeholders' assessments, decisions and actions.

Quantification

The data and information used in this Report are referenced from our archived documents, records, statistics and research. The key performance indicators ("**KPIs**") disclosed in this Report are supported by quantitative data and measurable standards. The sources of all applicable data, calculation tools, methodologies, references and conversion factors applied are disclosed when presenting emissions data.

Consistency

To facilitate the comparison of ESG performance between years, consistent reporting and calculation methods are adopted as far as reasonable, any significant changes in methodologies are also detailed in relevant sections. The intensities in the Report were calculated based on the number of facilities of the Group.

In the preparation of this Report, the Group has referenced various international, local and industry standards or best practices, including the ESG Reporting Guide issued by the Stock Exchange, together with other relevant accounting and financial reporting standards in Hong Kong.

Feedback

The Group values and welcomes all stakeholders to provide feedback and suggestions concerning this Report and on our sustainability performance by mail or email:

Address: Room 203–204, 2nd Floor, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong

Email: info@chingleeholdingsltd.com

For details in relation to our financial performance and corporate governance, please visit our website on http://www.chingleeholdings.com and our Annual Reports.

Environmental, Social and Governance Report

ABOUT CHING LEE

Our Business

Ching Lee was listed on the Main Board of the Stock Exchange with stock code 3728. The principal operating activities of the Group are the provision of construction and consulting works and project management services in Hong Kong. We are a main contractor in Hong Kong principally engaged in providing (i) substructure building works services; (ii) superstructure building works services; and (iii) RMAA works services.

Our Vision

To maintain the leading position in the construction market in Hong Kong.

Our Mission

To provide high-quality services based on our experienced and dedicated management team with extensive knowledge of the construction main contracting industry and project management experience.

Board of Directors ("the Board")

As at the date of this Report, the Board consists of:

Executive Directors	Independent Non-Executive Directors
Mr. Ng Choi Wah *(Chairman)*	Dr. Wai Wing Hong Onyx
Mr. Lui Yiu Wing	Mr. Tong Hin Sum Paul
Mr. Lam Ka Fai	Mr. Chau Kam Wing Donald

Environmental, Social and Governance Report

BOARD STATEMENT

The Group understands that the importance of efficient ESG governance to corporate sustainability. Therefore, the Board and ESG Committee are actively involved in overseeing ESG related matters for ensuring the effective implementation of relevant ESG policies in its operations. The Board and ESG Committee are primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG related risks, as well as supervising the management and relevant functional departments in formulating relevant policies with appropriate measures. The board and the ESG Committee also require the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The responsibilities of different responsible parties are set out as below:

The Board is responsible for:

- review the Company's ESG risks identified by ESG Committee;
- appoint key personnel (i.e. composition of ESG Committee) in charge of the Group's ESG matters;
- approve the resources required to implement ESG-related measures;
- review the effectiveness ESG risk management and internal control systems;
- approve ESG strategies, action plans and targets;
- monitor the progress and performance of ESG initiatives; and
- review and approving the annual ESG report.

The ESG Committee is responsible for:

- assess and determining the Company's ESG risks and opportunities;
- ensure appropriate and effective ESG risk management and internal control systems are in place;
- advise the Board on the allocation of resources on ESG initiatives;
- develop and establish ESG strategies, action plans and targets;
- monitor the progress and performance of ESG initiatives;
- monitor the update of the guidance of ESG reports issuance and ESG reporting guidance on ESG KPIs according to the Listing Rules of the HKEX; and
- review the annual ESG report and make recommendations to the Board for approval.

Management is responsible for:

- identify, assess and report ESG-related risks and opportunities to the Board and the ESG Committee;
- provide guidance on the implementation of ESG policies and measures;
- develop ESG strategies, action plans, targets and arranging works accordingly and report to the Board and the ESG Committee;
- ensure appropriate and effective ESG risk management and internal control systems are in place;
- report to the Board on the progress and performance of ESG work; and
- review and submit annual ESG report to the Board for approval.

Functional departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management of the Company on ESG work;
- collect information and data in relation to ESG performance of the Company; and
- prepare annual ESG report and report to the management of the Company.

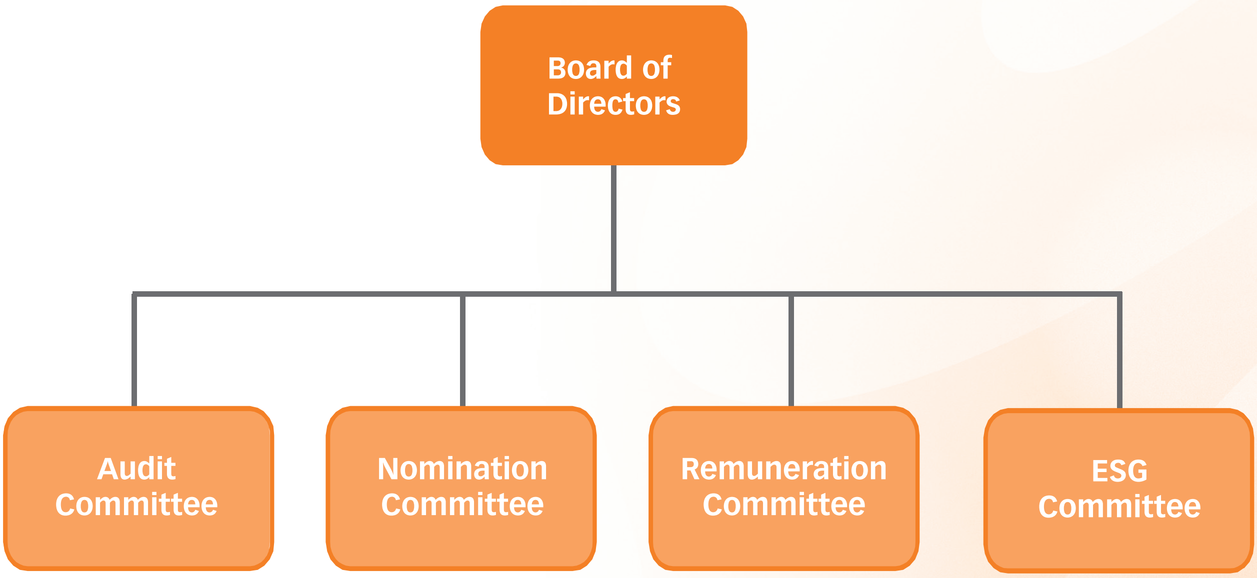
The Board and the ESG Committee will continue to observe the ESG-related work and keep up on the latest ESG disclosure requirements of the Stock Exchange. The Board and the ESG Committee will also ensure close collaboration between all functional departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future for striving better performances and better aligning with stakeholders' expectations.

Corporate Governance

Governance Structure and System of the Group

Corporate governance is very important to the Group. Our corporate governance system and corporate governance standards are in place in order to enhance our corporate value, formulate and implement good business strategies and policies. We also aim to improve the transparency of our board, our board committees and our senior management's work in order to safeguard the interests of the Company and different stakeholder of the Company.

We are committed to ensure high standard of corporate governance practices and procedures to enhance the investor confidence in the Company. As of the reporting date, the Group consists of three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. During the reporting period, 4 meetings of the Board of Directors were held, 2 meetings of the Audit Committee, 1 meeting of Nomination Committee and 2 meetings of Remuneration Committee, with a 100%, 100%, 100% and 100% attendance rate of Board of Directors to the Board of Directors Meetings, Audit Committee Meetings, Nomination Committee Meetings and Remuneration Committee Meeting respectively. Detailed attendance of Board of Directors to respective Board and Board Committee meetings, please refer to the "*Corporate Governance Report*" section in this Annual Report.



Audit Committee:

The primary role of Audit Committee is to make recommendations to the Board of Directors on the appointment and removal of external auditor, to oversee the independence and objectivity of the external auditor, review the financial information and statements and oversee the financial reporting system and internal control procedures of the Group.

Remuneration Committee:

The primary role of the Remuneration Committee is to make recommendations to the Board of Directors on the policy and structure of remuneration of senior management and all directors. The Remuneration Committee is also responsible for making suggestion on the remuneration packages of individual executive directors and senior management.

Nomination Committee:

The primary role of the Nomination Committee is to review the structure, size and composition of the Board, identify individuals suitably qualified to become the Board of Directors of the Group. The Nomination Committee is also responsible to assess the independence of the independent non-executive directors and make recommendations to the Board of Directors on proposed changes to the Board, or nominate directorship and/or appoint or re-appoint directors.

ESG Committee:

To facilitate the efficient ESG governance to corporate sustainability, appropriate ESG strategies, action plans and targets and effective ESG risk management approach, we have established the ESG Committee on 26 August 2022 to assist the board for ESG governance. The ESG Committee is composed of 3 members, details as below:

Name	Title	Position in ESG Committee
Mr. Lui Yiu Wing	Executive Director	Chairman
Ms. Wong Hoi Lun, Helen	Safety Officer	Member
Mr. Mou Ming Long	Project Manager	Member

The main responsibilities of the ESG Committee can refer to "*Board Statement*" section for more details.

Board Diversity

Our board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Group and also to enhance the quality of performance of the Group. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this Report, our Board consists of 6 directors, including 3 executive directors and independent non-executive directors which are ranging from 50 years old to 85 years old, all directors of the Company have solid professional qualifications (such as architecture, building engineering related and accounting related professional qualifications), good educational background and are chartered members of different associations. Most of the directors have obtained a master degree or above educational backgrounds.

Although our board has yet to appoint at least 1 female director in the current composition, we are looking forward to appointing at least 1 female director with the abovementioned criteria on selection of new board members in accordance with the requirement of Rule 13.92 of the Listing Rules no later than 31 December 2024.

Environmental, Social and Governance Report

OUR STAKEHOLDERS

Ching Lee actively strives to better understand and engage our stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market. The following table shows the means of communication with the stakeholders and the Group's response to the possible concerned issues of different stakeholders.

Stakeholders	Possible concerned issues	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, social welfare and assist in governments' anti-epidemic work.	Interaction and visits, government inspections, tax returns, keep tracking of the government's anti-epidemic policy and establishing related measures.
Suppliers/ Subcontractors	Payment schedule, stable demand, and workplace safety.	Site visits, project meetings, supplier/ subcontractor performance evaluation, safety policy, trainings and on-site safety commissioner.
Shareholders/ Investors	Corporate governance system, business strategies and performance, investment returns and information transparency.	Organizing and participating in seminars, interviews, shareholders' meetings, issuing of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection and human right.	Issue of newsletters on the Company's website.
Customers	Service quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, project meetings, after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours and health and workplace safety.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, performance appraisal and employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.
Industry associations	Improve the works' standard and quality, promote safety awareness, and enhance the contribution of the construction industry in the society.	Company's website, industry association activities and conferences.

MATERIALITY ASSESSMENT

For the Reporting Year, the Group has undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management, employees, customers and suppliers to identify the most significant operating, environmental and social impacts towards the Group's business. Stakeholders were invited to review the importance of emerging ESG issues to the Group's businesses, and the assessment was conducted in three steps, namely identification of ESG issues, prioritization of questionnaire results, and validation.

Identification

- Reviewed and adopted emerging ESG issues;
- Invited internal and external stakeholders to rate the importance of ESG topics in the form of questionnaire in relation to the Group's business.

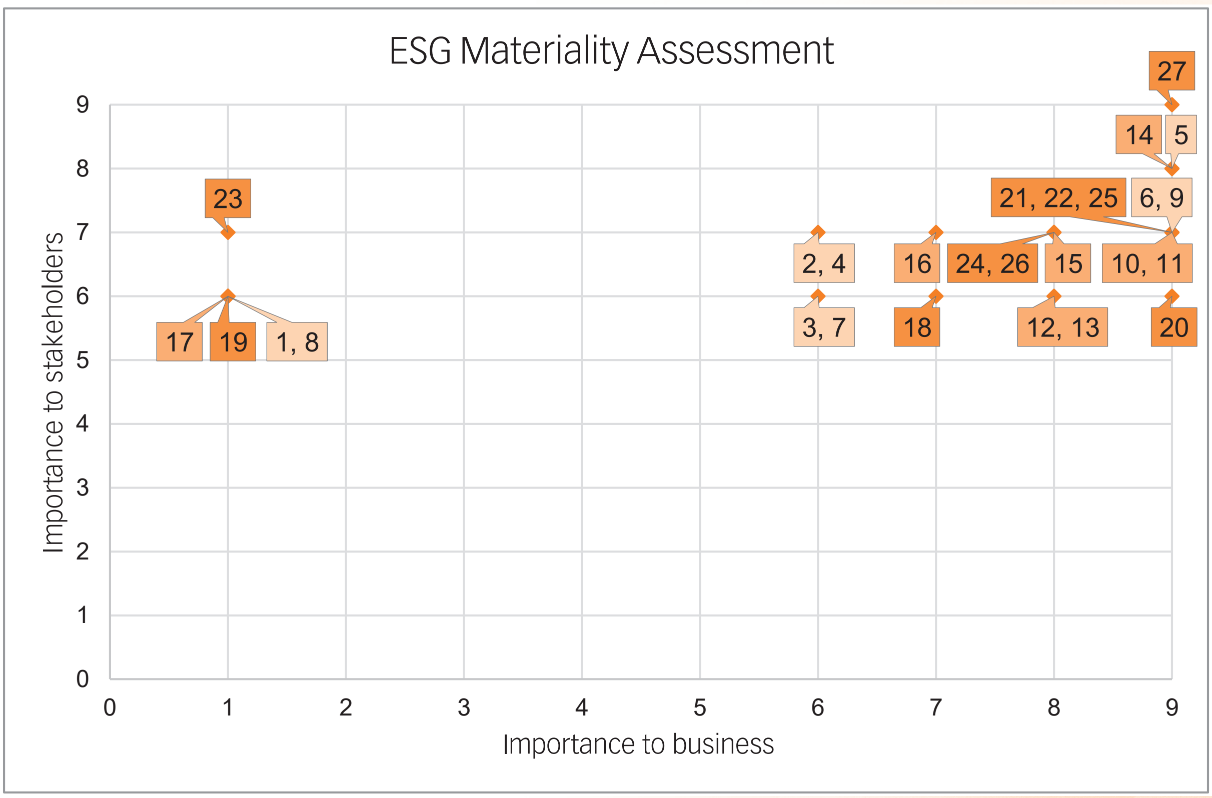
Prioritisation

- Questionnaire results were consolidated, analysed and assessed to identify a prioritised list of potential material issues;
- A materiality matrix was formulated to plot the ratings based on their importane to the Group and to stakeholders.

Validation

- The prioritised list of material ESG issues was presented to the Board for discussion and validation.

With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified 27 related material topics. All responses of both stakeholders' groups were weighted equally, and the result is detailed in the materiality matrix below:



No.	Environmental Issues ESG Topics
1	Greenhouse gas emission/ global warming
2	Exhaust air emission
3	Energy consumption
4	Water consumption
5	Hazardous waste/sewage
6	Non-hazardous waste/sewage
7	Paper consumption
8	Climate change
9	Compliance with laws and regulations relating to environmental protection

No.	Social Issues ESG Topics
10	Anti-COVID 19 epidemic
11	Employee rights and welfare
12	Inclusion, equal opportunities and anti-discrimination
13	Talent attraction and retention
14	Occupational health and safety
15	Training and development
16	Preventive measures for child and forced labour
17	Community investment and engagement

No.	Operational Issues ESG Topics
18	Supply chain management
19	Labour standards in supply chain
20	Customers' satisfaction
21	Customers' privacy
22	Product quality and safety
23	Intellectual property
24	Economic performance
25	Operational compliance
26	Corporate governance
27	Anti-corruption

From the above materiality assessment analysis diagram, the material ESG topics of the Group covers issues in the environmental, social and operational aspects, the key issues identified are shown as below:

- Anti-corruption
- Occupational health and safety
- Hazardous waste/sewage

While the internal stakeholders prioritized on the issues such as anti-corruption, occupational health and safety as well as hazardous waste/sewage, the external stakeholders' concerns were placed towards anti-corruption, occupational health and safety and employee rights and welfare. In particular, as the Group's business centres on providing the services regarding construction and consulting works, as well as project management, the importance of service quality is especially emphasized for upholding its standards in quality management. Moreover, the importance of occupational health and safety is stressed as per the Group's principle in maintaining a high standard regarding the safety and health of employees.

Looking forward, the Group is committed to monitor closely the ESG issues identified in order to better facilitate our direction and resources to address changing stakeholders' concern and our strategic planning and goals. We will continue to maintain timely communication with various stakeholders and collect their opinions through different channels more extensively for making substantive analysis. Meanwhile, the Group will also review and update the list of ESG issues identified and the priorities of ESG issues from time to time for ensuring their relative significance to the business and our stakeholders are well defined and identified. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency, in case if needed, to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG report and the presentation of the information when necessary.

Environmental, Social and Governance Report

SECTION A: ENVIRONMENTAL

The Group is committed to leading by example, inspiring others to strive for environmental sustainability, and minimizing our environmental impacts from operations. We have implemented eco-friendly measures to reduce carbon and emission footprints in our business operations. To present a comprehensive emission overview, the Group compared the emission figures and relevant intensities from 1 April 2022 to 31 March 2023 to the financial year ended 31 March 2022 (the "**Previous Financial Year**" or "**FY2021/22**"). The intensities in this section were calculated per number of facilities[1].

The Group dedicated efforts to preserving natural habitats within and around project boundaries. In addition to paying attention to environmental compliance on our project sites, the Group is also committed to taking steps to reduce our impacts on the environment. Since 2009, the Group has adopted the ISO 14001:2015 Environmental Management System into our operations and continually improve our ability to efficiently identify, minimize, prevent and manage our impacts on the environment. The Group incorporate environmental protection and soil and water conservation measures when conducting project feasibility study to minimize the potential environmental impacts during the construction, develop pollution control program and implementation plans during the preparation of construction, assigns designated personnel at each construction site to perform regular inspection in order to ensure all sub-contractors strictly follow the Group's environmental policies in the course of project construction and avoid any illegal behavior that might bring significant impacts on the environment.

During the Reporting Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will continue to contribute to future sustainable development and be alert to any non-compliance behavior relating to critical environmental problems.

A1 Emissions

Air Pollutants Emission

During the Reporting Year, the material pollutants came from the usage of gasoline and diesel oil in the stationary machines and automobiles, which causes air emissions, including nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particulate matter ("**PM**"). The air emission from the operation of diesel generator has been included as per the adoption of a more precise data collection methodology for raising the overall comprehensiveness of the air emission disclosure of the Group. The total weight of air emission amounted to 12,701.8 kg (FY2021/22: 17,823.3 kg), which was approximately 423.4 kg per facility (FY2021/22: 990.2 kg per facility), with a decrease of approximately 29% in the total emission weight and a decrease of approximately 57% in the relevant intensity compared to the Previous Financial Year. The reduction in air pollutant emissions were mainly due to significant decrease in use of diesel generator during the Reporting Year. Although the numbers of construction sites increased compared to last year, there were only 2 sites (FY2021/22: 4 sites) that had no electricity supply and needed to use a diesel generator.

1 During the Reporting Year, there were 29 project sites (FY2021/22: 17 project sites) and a headquarter located in Hong Kong, with a total of 30 facilities (FY2021/22: 18 facilities) include in the calculation of intensities.

The Group has implemented an environmental policy to reduce the air pollutant emissions. All machineries and vehicles were under frequent and regular checks and maintenance to ensure no energy inefficiency occurred and reduce fuel consumption and exhaust air emission due to parts failures. Besides, for transportation logistics, the drivers of the Group are required to plan the route ahead with the shortest distance and follow the statutory requirement of HKSAR to prohibit idling of automobile engines to reduce unnecessary consumption of fuel. Moreover, the Group has replaced its conventional vehicles with electric vehicles under the "One-for-One Replacement" Scheme adopted by the HKSAR government in order to reduce the usage of gasoline for vehicles. We will take a step ahead to review the needs of replacing our conventional vehicles to electric vehicles in the future to help reduce the carbon emissions and air emission of the Group.

Please refer to the following table for the details of the air pollutant emissions:

Air Emissions	**Pollutants**	**Emission for the FY2021/22** (kg)	**Emission for the FY2022/23** (kg)
Usage of gasoline and diesel oil (on vehicles and electricity generator)	Nitrogen oxides ("NO_x")	17,812.7	12,687.5
	Sulphur oxides ("SO_x")	0.4	0.5
	Particulate matter ("PM")	10.2	13.8
Total air emissions		**17,823.3**	**12,701.8**
Air emission intensity (Per the number of facilities)		990.2	423.4

Greenhouse Gases Emission

By definition, Greenhouse Gas Emission refers to heat trapping gases in the atmosphere, which includes Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O) and several Fluorinated gases (F-gases). Greenhouse gas emissions can be classified into three scopes in accordance to "Appendix 2: Reporting Guidance on Environmental KPIs" from the Stock Exchange, namely Scope 1 "concerning the direct emissions from operations that are owned or controlled by the company"; Scope 2 "concerning the energy indirect emissions from purchased electricity, heating, cooling and steam consumed within the company"; and Scope 3 "concerning all other indirect emissions, including emissions from both upstream and downstream activities, that occur outside the company".

The Group's operation of machineries and vehicles directly contribute to the emission of greenhouse gases, which is the main culprit of global warming. Alongside the direct emission sources, there are also several indirect emission sources noted as the purchase of electricity from electricity providers[2], electricity used in producing freshwater[3], sewage[4] processing and paper waste disposal at landfills.

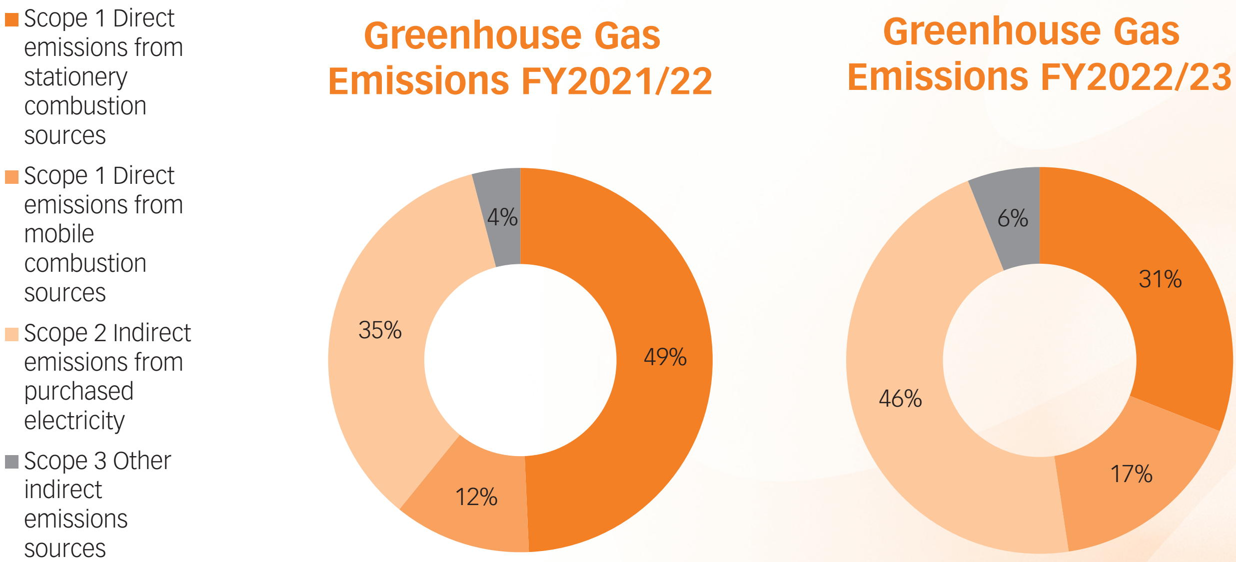
2 The latest carbon emission factors announced in the Sustainability Report 2022 issued by CLP Holdings Limited and HK Electric Investments Limited were 0.39 $kgCO_2e/kWh$ and 0.68 $kgCO_2e/kWh$ respectively.

3 The latest unit electricity consumption factor of freshwater processing announced in the Annual Report 2020/21 issued by Hong Kong Water Supply Department was 0.612 kWh/m^3.

4 The latest unit electricity consumption factor of sewage processing announced in the Sustainability Report 2020/21 issued by Hong Kong Drainage Services Department was 0.29 kWh/m^3.

During the Reporting Year, the amount of total greenhouse gas emission was approximately 459.3 tonnes (FY2021/22: 642.0 tonnes), which was approximately 15.3 tonnes per facility (FY2021/22: 35.7 tonnes per facility). Compared to the last year emissions, the total amount of greenhouse gas emission decreased by approximately 28%, with a decrease of approximately 57% in the relevant intensity. The reason of the decrease was mainly due to significant decrease in use of diesel generator and most projects were still in early stage which substantial portion of works were not performed during the Reporting Year. With respect of these reasons, the total direct greenhouse gases emission from stationary combustion sources (i.e. the electricity generators) decreased from 316.5 tonnes to 142.2 tonnes, with a decrease of approximately 55.1% compared to last year. On the other hand, the total direct greenhouse gases emission from mobile combustion sources (i.e. vehicle usage) slightly increased from 74.2 tonnes to 76.4 tonnes. Besides, the total indirect greenhouse gases emission from electricity purchased have decreased from 225.2 tonnes to 212.9 tonnes, with a decrease of approximately 5.44% compared to Previous Financial Year. This is mainly due to the reason that most projects were still in early stage which substantial portion of works were not performed and power generator used in the new projects during the Reporting Year.

Given the reduced electricity consumption generated from diesel generators and purchased from power companies, the total greenhouse gas emissions of the Group have noticeably reduced for approximately 29% compared to the Previous Financial Year. The change in proportion of respective emission sources was illustrated in below charts. The Group will continue to monitor the carbon footprints during our business operations in order to reduce the adverse impact on environment.



Several measures to reduce our greenhouse gas emissions have been implemented to demonstrate the Group's determination of maintaining environmental sustainability. To foster the reduction of indirect emissions from electricity consumption, the Group encourages its staff to switch off all idle appliances to avoid wastage. Besides, electricity saving labels were posted at the office to advocate the reduction of energy consumption. In hopes of these measures, the Group believed that the carbon emissions could be further reduced in the upcoming future.

Air Emission and GHG Emission Reduction Target

As both the air emission and greenhouse gas emissions are highly subjected to the business operation of the Group, fluctuations may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to continue implementing the aforementioned practices and actively keep track of its performance for allowing better management plans and strategy formulation. Additionally, the Group will also continue to promote the idea of environmental protection among its employees for raising the overall effectiveness and participation in engaging environmentally friendly measures. In hopes of the aforementioned measures and visions, the Group strives to reduce its air emission and greenhouse emissions in the future as far as possible for lowering its environmental impact from its operation. We also target to achieve a 5% to 10% reduction in air emission and GHG emission by next year against the average intensity of the Reporting Year and the last year.

Waste Management

The Group implements waste management plan in all sites. The plan sets out procedures to confirm that all wastes generated during the construction phase are managed on-site, transported and disposed of in environmentally friendly manners and in full compliance with statutory requirements.

As the Group's operations focus on the provisions of construction and consulting services, there was no hazardous waste is involved during the Reporting Year. The non-hazardous waste produced by the Group was mainly the construction waste, including both inert and non-inert waste, and paper waste. The construction waste will be handled by the approved sanitary service providers to dispose at landfills, as well as recycling for further usage. The Group strictly follows the "Construction Waste Disposal Charging Scheme" by the Environment Protection Department to handle the wastes generated from construction projects in a responsible manner and implement waste control and recycling measures to reduce unnecessary wastes generated.

The total weight of the non-hazardous waste disposed during the Reporting Year was recorded as 10,074.5 tonnes (FY2021/22: 24,376.0 tonnes), with an intensity of 335.8 tonnes per facility (FY2021/22: 1,354.2 tonnes per facility). Compared to the Previous Financial Year, there was a decrease of approximately 58.7% in terms of the amount of non-hazardous waste disposed, while there was an approximately 75.2% decrease on the relevant intensity. The reduction of non-hazardous waste disposed during the Reporting Year was mainly due to the reason most projects were still in early stage which substantial portion of works were not performed during the Reporting Year.

In terms of managing non-hazardous waste generation, the Group encourages the reuse of single-side printed paper, double-sided printing and recycle of used papers. Waste separation facilities are also placed in construction sites to collect recyclable wastes. The collection of construction wastes or surplus materials would be centralized and separated in the specified areas in the construction sites for the sake of easier monitoring, handling and enhancing reuse or recycling of the materials and wastes. In addition, the Group has developed and provided toolbox talks about onsite separation of construction and demolition ("**C&D**") materials to enhance worker's awareness in handling, separating, reusing and recycling of C&D materials and waste. The Group will continue to strive for whittling down the waste produced and hence further reduce the negative impact on the environment.

In addition to the waste reduction measures implemented on the construction site, the Group also implemented the following waste reduction measures in the office to reduce the environmental impact of the group's operations at all levels:

- Set up microwaves in the office and encourage employees to bring their own lunch and reduce ordering takeaway food;
- Reduce the use of disposable consumables, such as food packaging boxes, paper cups, paper plates, plastic bags, etc.;
- Encourage employees to use environmental friendly shopping bags, water bottles and metal tableware instead of disposable product;
- Employees should use electronic communication as far as possible, do not print out the documents unless necessary.

Waste Reduction Target

Although waste production is inevitable to the operation of the Group, the Group aims to optimize and promote resource saving practices for limiting the production of waste, such as reusing materials and refer to applicable practice of the Material Waste aspect from BEAM Plus as applicable. The purpose of BEAM Plus is to set out a series of best practices that are above the statutory requirements for encouraging the building industry to create more sustainable buildings that fosters the health and wellbeing of human beings while also caring for the local and global environments. Given that the BEAM Plus standards aims to boost the efficiency and sustainability of building projects throughout its whole life cycle, adhering to the applicable best practices allows the Group to better manage its waste production during project constructions. Although the amount of construction waste is highly subjected to the project intensity of the Group, the Group will strive for better performance through the adoption of best practices in a bid to reduce the accompanied environmental impacts from its operations as much as possible. We also target to achieve a 5% to 10% reduction in waste by next year against the average intensity of the Reporting Year and the last year.

Sewage Treatment

The Group highlights the significance on the sewage water management to control the water pollution, in which a sewage management system was established at all its project sites. Sewage was centrally collected and placed for purification. The clean water after purification will be reused in the construction process. The Group targets to minimize the water pollution to the lowest level, as well as enhance the water consumption efficiency. By these means, it is hoped that the greenhouse gas emissions level for sewage processing could be reduced in the foreseeable future.

Due to technical limitations, no water meters are installed to the sewage outlets at the construction sites, it is difficult to collect data for the amount of sewage discharged. Therefore, the amount of sewage discharged of the Group was not able to be disclosed in the Report due to the aforementioned technical limitation. Notwithstanding, the Group has always abided by the "Water Pollution Control Ordinance" and other applicable laws and regulations to ensure the sewage discharged complies with relevant laws and regulations. Before commencing any construction projects, the Group will ensure that a sewage discharge permit from the Environment Protection Department is obtained, and it is strictly forbidden to pour any chemicals or hazardous substances into the sewage system at the project sites to prevent any secondary pollution on the environment.

A2 Use of Resources

The resources used by the Group for its business operation are mainly gasoline, diesel oil, electricity, water and paper. The Group has been committed to becoming a resource-saving and environmental-friendly enterprise to promote environmental protection and minimize its environmental impact from its operation. The Group has been working actively to reduce its usage of resources, as well as its emissions.

Electricity Consumption

The electricity consumed in the Group's office and construction sites was one of the major contributors to the greenhouse gas footprint. During the Reporting Year, the total units of electricity purchased from electricity providers was 502.74 MWh (FY2021/22: 517.2 MWh), with an intensity of 16.76 MWh per facility (FY2021/22: 28.7 MWh per facility). Compared to the Previous Financial Year, the electricity purchased from electricity providers decreased by approximately 2.80%, with a significant decrease of approximately 41.7% in the relevant intensity. The significant drop for the intensity of electricity purchased from electricity providers was mainly due to the reason that most projects were still in early stage which substantial portion of works were not performed during the Reporting Year compared to last year.

To reduce the Group's electricity consumption, the Group has posted the energy conservation reminders in place, cleaned the air-conditioners' filter to ensure efficiency, ensured that computers and office lights are switched off during non-business hours to minimize light pollution and reduce energy consumption. The Group also referred to the "Energy Saving Charter & 4T Charter Schemes" announced by Environment and Ecology Bureau to maintain an average indoor temperature between 24–26°C in order to reduce the electricity consumption caused by the use of air conditioners. Looking ahead, the Group will continue making efforts in reducing our energy consumption and keep up the pace of energy conservation.

Fuel consumption

The Group's fuel consumption mainly attributed from the operations of machineries at its construction sites and automobiles. During the Reporting Year, for machinery usage including the aforementioned electricity generators, the total consumption of fuels amounted to 54,359 liters of diesel oil (FY2021/22: 120,969.0 liters). On the other hand, for automobiles usage including private cars and crane truck, the total consumption of fuels amounted to 11,761.3 liters of gasoline (FY2021/22: 10,946.3 liters) and 17,011.13 liters of diesel oil (FY2021/22: 17,015.3 liters) respectively. As aforementioned in the previous sections, due to the less amount of diesel-based generator used in some projects, the consumption of diesel oil in the generator has decreased by approximately 55.1%.

Energy Consumption

Aside from electricity consumption, the energy consumption of the Group was also attributed from its fuel consumption from vehicle usage and machineries. With reference to the fuel consumption of the Group and the adoption of a more precise data collection methodology, the energy consumption of the Group is disclosed for raising the comprehensiveness of its resource consumption disclosure. During the Reporting Year, the total energy consumption from fuel usage was approximately 877.9 MWh (FY2021/22: 1,583.0 MWh), with 763.9 MWh from diesel consumption and 114.0 MWh from gasoline consumption respectively. The relevant energy consumption intensity has notably decreased approximately 60.6% to 46.02 MWh per facility (FY2021/22: 116.7 MWh per facility). The energy consumption has decreased approximately 34.3% comparing to the previous year mainly because of less usage in the power generator during the Reporting Year.

Energy Use Efficiency Target

In the future, the Group will continue to actively implement the above-mentioned resource saving plans and measures aiming to raise the overall efficiency in energy consumption and avoid unnecessary wastages as much as possible. Additionally, the Group will also strive to better keep track of its performance for developing more specific quantitative environmental goals and corresponding measures to keep up with the pace of energy conservation and reducing its energy consumption. We also target to achieve a 5% to 10% reduction in energy use by next year against the average intensity of the Reporting Year and the last year.

Water Consumption

Since water is one of the most precious resources in the world, cherishing water resource is a fundamental target of the Group. The Group has always encouraged the avoidance of unnecessary water consumption to reduce wastage. During the Reporting Year, the total units of water consumed was 7,567.4 cubic metres (FY2021/22: 12,621.0 cubic metres), in which the water consumption intensity was 252.25 cubic metres per facility (FY2021/22: 701.2 cubic metres per facility). Compared with Previous Financial Year, the total consumption level has decreased by approximately 40.0%, with a decrement of approximately 64.0% in the relevant intensity. The reduction in the total water consumption level of the Group was mainly due to the reason that most projects were still in early stage which substantial portion of works were not performed during the Reporting Year. Additionally, one of the school projects was completed during the Reporting Year, which required frequent cleaning due to the coronavirus ("**COVID-19**") period.

In order to effectively reduce the indirect energy consumption from water supply as well as sewage processing, the Group has installed the sewage purification system to obtain and reuse clean water from the sewage produced during the construction process. Not only could the sewage purification system helps to reduce the direct consumption of water resource, but it can also concurrently contribute to whittling down the carbon footprints of the emissions from water and sewage processing. As the water was sourced from the government bodies and the sewage purification system of the Group, there was no water sourcing issue identified during the Reporting Year.

Water Use Efficiency Target

In the future, the Group will continue to actively implement the above-mentioned water saving initiatives and measures while also looking to further its water management plans. The Group aims to reinforce its promotion and education towards water conservation so that the employees of the Group can build the habit of saving resources amongst its daily work routine, in which the overall water efficiency can be raised. We also target to achieve a 5% to 10% reduction in water use by next year against the average intensity of the Reporting Year and the last year.

Packaging Materials

As the Group's operations mainly focus on providing construction work services to customers, no packaging material consumption can be identified during the Reporting Year.

A3 The Environmental and Natural Resources

The Group believes that business and corporate development should not come at the expense of the environment. Given that stakeholders continue to pay more attention to ESG-related aspects, the Group also actively refers to international standards to establish our ESG strategy and policy. At the same time, the Group also regularly monitors the performance of various ESG areas and makes timely optimization and improvement plans. With our well-established governance structure, as well as a team of experienced employees and professional subcontractors, the Group is affirmative that its potential negative effects to the environment from its business operations could be greatly reduced.

By integrating environmental consideration into the business strategies of the Group, it aims to be an environmentally sustainable enterprise. In the coming years, the Group would continue promoting greenhouse gas emission reduction, energy and water resource conservation, as well as the efficient use of natural resources. The Group would also refer to the guidelines of the international environmental management system to enhance its internal environmental management system for enriching its comprehensiveness, which in turn can save various natural resources and costs while also can further reduce the environmental impact from its business operations. The Group believes that not only can raising environmental awareness and reinforcing the positive behavioral changes bring benefits to its financial situation, but also to the future generations.

Moreover, the Group has also been adopting and complying with the BEAM Plus standards by the Hong Kong Green Building Council. The purpose of BEAM Plus is to set out a series of best practices that are above the statutory requirements for encouraging the building industry to create more sustainable buildings that fosters the health and wellbeing of human beings while also caring for the local and global environments. As BEAM Plus includes various aspects such as site planning, site emissions, material use, waste management, energy use, water use, and indoor environmental quality, recognition and certification would be granted upon meeting the prerequisite and additional requirements to the scheme. Given that the BEAM Plus standards aims to boost the efficiency and sustainability of building projects throughout its whole lifecycle, it is expected that there is a gradual trend for adoption of BEAM practices. Adhering to the applicable best practices allows the Group to achieve resource efficiency while limiting the environmental impacts during project constructions.

Additionally, with the formulation of Environmental Management Plan and Waste Management Plan as per the BEAM Plus standards for each BEAM Plus projects, it allows the Group to monitor the progress and performance of projects to specific concerns. Hence, the environmental impact for the projects at its initial construction stage and throughout the construction progress can be better-managed and controlled, and that the Group can take action upon the notice of any discrepancy, so that the Group can continue to contribute in constructing sustainable buildings.

A4 Climate Change

Fossil fuel consumption and human activities are largely responsible for climate change due to the increasing heat trapping gases like carbon dioxide into the atmosphere. The Group understands that there is an urgent need to transitioning into a more sustainable and low-carbon economy for curbing global warming and its accompanying detrimental effects.

We have identified several potential risks and impacts of climate change brought to our business. We take timely responses and measures to reduce the potential impact caused by climate change and environmental risks.

As the primary business of the Group centers on providing construction and consulting works and project management services, it is important to understand its corporate role in addressing climate change threats, for which they could impact the Group in terms of its business profitability, resilience, and sustainability in a long run. Hence, integrating climate considerations into the Group's decision-making process and strategic business planning is vital to develop an effective action plan to adapt its operation to the uncertainties brought by climate change. Thus, the Group also shares the responsibility in reducing its emissions and limiting the impact from climate change as far as possible.

Climate change risk		Potential impacts	Risk responsible measures
Physical risks	Short-term	• Phenomena of climate change including rainstorms, floods, severe typhoons endanger the safety of the employees working at project sites • Extreme weather might have adverse impacts on the execution of works and extended the construction duration	• Establish guidelines and procedures regarding special work arrangements under bad weather conditions in order to minimize the potential risk of injuries and accidents • Strictly follow the announcement of the Hong Kong Observatory for work arrangements of site workers • In order to brace for more frequent extreme weather events, we continued to strengthen our emergency preparedness and various good practices to sufficiently secure materials and temporary structures to prevent losses and incidents
	Long-term	• Heatwaves made site workers more liable to suffer from heat strokes and reduced productivity due to temperature limitation	• Ensure project construction sites are equipped with sufficient drinking facilities and resting kiosks to prevent workers suffering from heat stroke • Arrange work schedules for site workers to provide adequate breaks between works under high temperature environment

Climate change risk		Potential impacts	Risk responsible measures
Transitional Risk	Policy and legal update	• The Government of the Hong Kong Special Administration Region had announced Hong Kong's Climate Action Plan 2050 in October 2021, which the plan set out the decarbonisation target of reducing Hong Kong's carbon intensity by 65%–70% by 2030 using 2005 as the base, which is equivalent to a reduction in the total carbon emissions by 26% to 36%; and strive to achieve carbon neutrality before 2050 • Increasing policies and initiatives expected in the future, an increase in operational costs and changes to regulations maybe expected. For example, the cost of construction materials and construction projects maybe raised due to the cost shifting to service providers from rising material and processing costs and resource taxes	• Replace conventional vehicles with electric vehicles in order to fulfil the roadmap of the HKSAR Government • Negotiate with the suppliers regarding to the cost of materials and lock the price of materials prior to contract signing
	Market risks	• Customer demand for green building technologies and their expectations to adopt environmentally friendly alternative construction materials and technologies may potentially increase the operating cost and affect gross profit of the Group	Adopt various environmentally friendly practices in order to lower the carbon footprint: • reduce its reliance on generating electricity in construction sites with fuel oil by applying temporary power supply from electricity companies as a better alternative for the environment • ensure licenses are acquired before all the waste water and chemical wastes are treated for their subsequent discharge and disposal • adopt the applicable best practice if possible, to comply with different environmental standards to avoid non-compliance for mitigating the potential market risks

Ultimately, by continuing to adopt best practices and seeking for better alternatives as far as possible, we strive to be an environmentally responsible company in the construction industry, so that the corporate strength could be enhanced along with its reputation while pursuing sustainability concurrently.

SECTION B: SOCIAL

B1 Employment

It is gratifying to receive recognitions for our contribution and achievement from customers. The Group takes pride in the dedication and the effort by its employees, and hence aims to grow with its employees and groom them into future leaders. The Group considers its employees as valuable assets and strives to provide a nondiscrimination, equal, harmonious and safe workplace, the Group aspires its employees to feel that they are contributing to its purpose and believe that the organization supports them. As such, the Group advocates equal opportunity and adopts employee-oriented approach in attracting, developing and retaining the best people to support its business development.

Employees Benefits

The Group has established comprehensive Human Resources management policies and procedures to manage the staff recruitment, remuneration, promotion, performance appraisal, working period, leave entitlement, pay rate, and compensation matters and procedures.

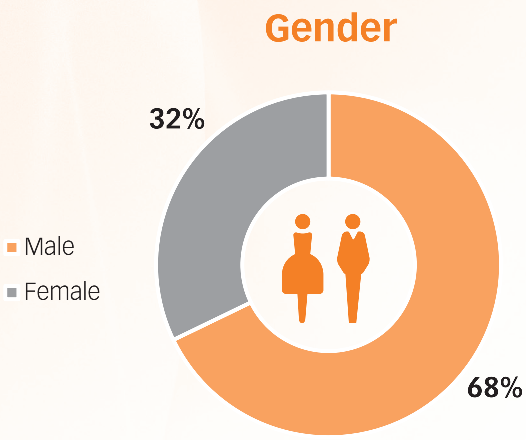
For recruitment and dismissal process, the Group will go through the procedures according to the policies stated internally. For recruitment, equal opportunities are provided to all applicants with regards of the considerations of their experience, knowledge and skills. For dismissal, those employees acting improperly or breaching of contract terms and code of conduct will be terminated. Compensations are provided when applicable.

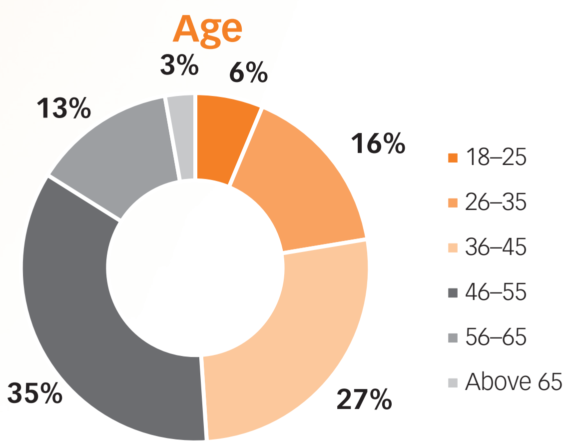
The Group offers competitive employee benefits packages for all employees regardless of the form of employee. Pay rate and benefits packages are benchmarked, by our Executive Directors, against the market standard to ensure fair and equitable compensation practice and maintaining competitive salaries. Our employees also receive welfare benefits, including study fund, marriage leave, maternity leave, paternity leave, compassionate leave, retirement benefits, occupational injury insurance, medical and dental scheme and other miscellaneous items. Subcontracting workers are also eligible to participate in the Contractor All Risk Insurance provided by the Group. The Group will conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion. The Group even adopts the Share Option Scheme which is designed to provide incentives and rewards to our employees.

The Group strictly abides with the "Employment Ordinance (Chapter 57 of the Laws of Hong Kong)", the "Mandatory Provident Fund Schemes Ordinance (Chapter 485)" and other relevant laws and regulations which cover all employment protection and benefits. During the reporting period, the Group did not involve in any confirmed violations that are related to employment and have significant impact on the Group.

Our Employees

To meet the future challenges of our business, the Group believes that it must continue to attract qualified applicants who share its vision and values. The Group hires people base on experience, expertise and values, regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. The Group formulates equal opportunities and diversity policies for all employees. As of 31 March 2023, the male-to-female ratio was approximately 7:3, for a total of 143 employees (FY2021/22: 94 employees), of which all employees were under long-term contract and from Hong Kong. Among our 143 employees, there were 64%, 22% and 14% of front-line staff, middle management staff and top management staff respectively.





Employees Work-life Balance

The Group strives for the work-life balance of employees, providing them five working days per week with 8 working hours every day. Overtime compensation hours and pays are in line with the local laws and regulations. Employees are entitled to 7 to 14 days of annual leave according to their job positions. To foster harmonious work culture, the Group also organises employees activities regularly, such as participating in charity friendship relay invitation races and playing badminton matches.

Talent Retention

The aforementioned employee benefit and the harmonious working environment contribute to the healthy monthly average turnover rate of approximately 2.7% (FY2021/22: 3.2%). Since all employees are from Hong Kong, the monthly average turnover rate by geographical region is also 2.7%.

With respect of gender, the monthly average turnover rate of male staff and female staff were approximately 3.1% (FY2021/22: 3.0%) and approximately 1.9% (FY2021/22: 3.8%) respectively. With respect of age group, the monthly average turnover rate were approximately 2.8% (18–25), 2.0% (26–35), 1.4% (36–45), 3.6% (46–55), 5.6% (56–65), and 2.8% (above 65). With respect of employee category, the monthly average turnover rate of frontline staffs, middle management and top management were approximately 3.4%, 2.0% and 0.8% respectively.

B2 Health and Safety

As reflected in the materiality assessment, occupational health and safety is one of the most important concerns of the Group. The Group is committed to safeguard the safety, health and welfare of all employees, workers, and persons including subcontractors and the general public likely to be affected by the normal operations. To achieve our commitment, we maintain a high standard regarding safety and health. The implementation of Health and Safety Policy aims at reducing the number of fatal accident and dangerous occurrence case to zero and accident frequency rate to less than 0.45 case per 100,000 man-hours.

During the Reporting Year, the number of reported cases of work injury was 8 (FY2021/22: 4 cases), with a total of 593 working hours lost, which is equivalent to 74.1 lost days (FY2021/22: 68.5 lost days and 548 lost hours). There were no fatal cases reported during the Reporting Year as well as the past two financial years. All the injured employees were given sick leave to ensure sufficient rest for recovery. They were also compensated accordingly and adequately by either the sub-contractor concerned, our Group or insurance company. The Group has purchased sufficient employees' compensation insurance and group medical insurance that cover all its employees under different projects, while maintaining a list of effective insurance to keep track of all the insurances. This helps to ensure adequate coverage of the employees' compensation and make necessary updates in a timely manner to safeguard the interests of all our employees. In the meantime, the Group maintains a work injury register to keep track of all reported cases of work injury, ensuring that all cases are attended to appropriately.

The Group provides a healthy and safe environment in office. Air purifiers are placed in workplace to improve air circulation. First aid kit is also placed in the office in case of injuries and emergencies. The Group also understands the importance of preparedness in disaster management, so there is sufficient emergency lighting, fire exits, and fire extinguishers equipped at the office. To ensure that every employee can proactively react to emergency, fire drills of Head Office will be arranged by Administration Manager regularly.

The Group also maintains healthy and safe environment in the construction sites. Similar to the practice in Head Office, emergency drills on sites will be arranged by Project Manager and Construction Manager, with fire exit plans posted around project sites. There are registered ambulance men in every construction site to guide emergency team for first aid work. For every project site, there are assigned at least one Safety Officer and one Safety Supervisor to monitor the safety issue and handle emergency incidents if any. The Safety Officer and Supervisor also check the wearing of labor supplies of the workers to ensure that they are equipped with appropriate safety equipment. In order to ensure the high safety standard, frequent detailed safety inspections and equipment tests are conducted in sites. If there are any dissatisfactions or violations on the safety policies, Safety Improvement Notice with warnings and administrative penalties will be sent to the responsible subcontractors.

The Group also maintains a Safety Card Renewal Checklist in order to monitor the qualifications of the subcontractor workers during the construction process. If any of those safety cards are nearly expired, the Safety officer of the site is responsible to urge the relevant workers for renewal. Besides, site safety reports are prepared regularly to ensure that all these measures have been implemented appropriately, while helping the management to stay alert of the safety condition of all construction sites and manage the potential hazards at sites.

In addition, safety induction trainings and regular safety trainings are provided to our staff and the subcontracted workers to help them familiarize with the machine operations and site safety guidelines. Posters are also posted at our construction sites to remind workers of the safety protocols and potential hazards.

The Group follows strictly to the Section 15 of the "Employees' Compensation Ordinance" to report any accident to the Commissioner for Labor. The Group also strictly complied with others relevant health and safety laws and regulations, such as the local fire services regulations, to provide a safe work environment to its employees by protecting them from occupational hazards. The Group will continue to strive for providing a safe and healthy work environment for its employees and subcontracted workers for minimizing potential occupational hazards at large.

Although the continued impact from COVID-19 has disrupted the society and the economy of our main operating location (Hong Kong), the Group has timely implemented numbers of preventive measures to ensure the control over projects progress and health and safety of our employees are well controlled and protected. The Group provided anti-epidemic supplies (such as masks, alcohol based hand rub, RAT Test Kit and Anti-Epidemic Chinese Medicines) for our employees, applied social distancing to avoid any possible infection event, measured body temperature and recorded personal health status for employees daily, performed sterilisation at the operating area,etc.

Besides, employees working at office are required to take the Nucleic Acid Test twice a week while daily RAT test are required for personnel under the high-risk groups (i.e. project director, manager, foreman), and that regular inspections are conducted to ensure that all site staff has a negative test result when entering construction site for work. The Group also required our employees to take the COVID-19 vaccine for minimizing the risk of Covid-19 infection, hoping that the epidemic in Hong Kong to be disappeared as soon as possible. During the Reporting Year, except for the period during the 5th wave and a short period of suspension due to a few confirmed cases from employees, there were no major suspension or disruption to projects.

B3 Development and Training

Empowering employees is of the number one priority of the Group. Not only do we aim at sharpening the skills set and knowledge of our employees, but also eager to shape our every single employee into future leaders.

During the Reporting Year, our employees, including front-line staff, middle management and top management, received a total number of approximately 54 hours (FY2021/22: 245 hours) of training. The proportion of employees joining training courses this year was at around 14.7% (FY2021/22: 42.2%). The percentage of employees trained by gender was 74% and 26% (FY2021/22: 58% and 42%) for male and female respectively, while by employee category was 100%, 0% and 0% (FY2021/22: 32%, 58% and 10%) for front-line staff, middle management and top management respectively. On the other hand, the average training hours completed per employee by gender was 2.7 hours for male and 2.3 hours for female (FY2021/22: 2.7 hours and 2.4 hours), while by employee category was 2.6 hours for front-line staff, zero hour for both middle management and top management (FY2021/22: 2.1 hours, 2.4 hours and 3.5 hours). The significant reduction in training hours for middle management and top management was mainly due to the reason that under the escalation of COVID-19 outbreaks in 2022, the Group was unable to arrange on office training to management during the Reporting Year. As soon as possible the Group will arrange the training in the next reporting period.

Alongside our internal staff, we also provide one hour induction training course on safety and health to every new subcontracting worker in construction sites. The induction training focuses on the safety standards in the sites, the guidelines when emergency events occur and the environmental protection requirements regarding pollutant-handling. Specific safety training courses will also be provided to workers on occasional basis. The Group also encourages and sponsors the staff training courses in obtaining certifications on occasional basis.

For every six months, the Safety Officers will evaluate the safety performance of each internal staff and subcontracting worker to see if they need to retake any safety training. Apart from safety training, advanced training, such as Building Information Modelling Course, is also provided to the management to equip them with the necessary skills and knowledge in the industry, while our clerical staff are also engaged in external continuous development and training.

B4 Labor Standards

With reference to the relevant law and regulations in Hong Kong and the principles of United Nations Global Compact, the Group adopted strict procedures to safeguard human rights. No employee is paid less than the minimum wage specified by the government regulations. In addition, monthly salary payments and mandatory provident fund scheme payments are made on time. The Group is delighted to announce that it has not encountered major risks in human rights matters so far. The Group guarantees that no employee is made to work against his/her will, or work as forced labor, or subject to coercion related to work. Recruitment of child labor is strictly prohibited as stated in the Staff Handbook. The Human Resources Department will verify the actual age of the applicants by checking their identification documents upon recruitment process. Through the whistle-blowing mechanism, employees are able to voice out any injustice they face. For any reported cases, the Management will investigate into the case immediately, and take further follow-up actions if necessary.

B5 Supply Chain Management

The Group places great emphasis on the procurement principles. In purchasing materials, equipment and services, the Group promotes fair and open competition based on established procurement policies and procedures to ensure that the price, quality, delivery and services are in line with the best economic benefits. As a responsible organization, the Group adheres to the spirit of contract and abides by the principle, purpose and content of the contract with the supplier.

As a construction and building work provider, the Group recognizes the importance of subcontractors and suppliers for ensuring the projects are carried out in an efficiently and up to statutory standards. It is crucial to ensure that all the subcontractors and suppliers comply with both statutory and contractual requirements regarding site, materials and equipment safety. The Group selects reputable and reliable subcontractors and suppliers to provide high quality, reasonably priced and sustainable products and services. The Group has a transparent and independent procurement process with the goal of promoting competitiveness, which also serves the interests of its shareholders and other stakeholders. The Group expects to establish a vertically integrated supply chain management system by integrating procurement resources, promoting supplier screening and management mechanisms, and proactively providing comprehensive solutions to meet customer needs.

In this regard, a list of approved subcontractors and suppliers has been established and reviewed regularly. As of 31 March 2023, the Group worked with a total of 649 approved suppliers and subcontractors (FY2021/22: 641), of which 636 were from Hong Kong, 11 were from China, 1 was from the United Kingdom and 1 was from United States of America. Regular appraisals are conducted semi-annually to the approved suppliers and subcontractors, by the representatives of Site Quality Assurance. Updates or eliminations will be made to the approved list if any suppliers or subcontractors are not up to our required standards. If there are any amendments made to the safety and health requirements, the Purchasing Manager will proactively notice the subcontractors and suppliers for alerting them about the new updates.

The Group also encourages subcontractors and suppliers to promote corporate social responsibility activities and comply with corporate social responsibility codes for their business ethics, workplace operations, marketing activities, social contacts and environmental responsibility. All business transactions should maintain a high standard of ethics; bribes or other improper interests cannot be provided or accepted; according to applicable laws and regulations, information about the business activities, structure, financial status, and performance should be regularly disclosed.

The potential environmental and social issues associated with the operations of the Group includes environmental degradation, hazards to occupational health and safety, impacts on communities and compliance with the environmental-related and social-related laws and regulations. In this respect, the Group requires its subcontractors and suppliers to comply with relevant laws and regulations.

Moreover, the Group also takes into account if suppliers comply with relevant environmental laws, so that the products and services provided meet the standards of environmental regulations and the Group. With reference to the BEAM Plus standards, the Group also considers if the suppliers and subcontractors can meet and fulfill applicable requirements to the particulars by project basis, so that the potential environmental risks related to supply chain management can be minimized. For example, if the BEAM Plus project involves the use of timbers for temporary works, only sustainably sourced timber such as from the Forest Stewardship Certified ("**FSC**") or the Programme for Endorsement of Forest Certification ("**PEFC**") will be used for relevant works to prohibit the use of any virgin forest products. Besides, the Group also encourages the use of recycled materials and green products for effective cost-control and lowering potential environmental risks. In the future, the Group may look into more applicable green procurement practices as far as possible to further its commitment in lowering the environmental impact from its operations.

In addition, the Group also attempted to integrate the supply chain vertically by investing in both the upper stream of land development and the lower stream as a subcontractor. The Group believed that this strategic alliance could help the Group consolidate its market shares as well as facilitate the supply chain management.

B6 Product Responsibility

The Group is committed to providing better services to the citizens and creating higher return for the stakeholders as per the emphasis put towards maintaining service quality. As a construction main contractor, the Group addresses the significance of public health and safety during the construction work.

Noise Control

The Group strictly abides with the "Noise Control Ordinance". To reduce the harm on the surrounding areas, especially the residential and commercial areas, soundproof canvas and noise barriers are set up in construction sites. Regular noise-level evaluations are made by the Site Managers to ensure that noise produced during construction process does not exceed 85 decibels.

Dust Control

For the sake of minimizing the negative effects of dust produced, tight control is implemented by the Group. Frequent watering and cleaning, covering construction waste by canvas and using over 2.4 meters barriers effectively reduce the impacts of suspended dust. Besides, the transportation of construction wastes was properly covered to prevent any dust pollution.

Chemicals Control

The Group recognizes the danger of chemicals. Therefore, chemicals are handled under rigorous means. For site and public safety, all chemicals, with proper labels, are stored under good ventilation. Volatile chemicals are separately placed, and flammable chemicals must be stored with "No Smoking" warning sign. All chemicals must be handled by well-trained workers. All used chemicals are immediately removed from the sites to keep the amount of chemicals at a low level.

Quality Assurance

To pursue business sustainability, the Group adopts a comprehensive quality management system to ensure the provided products and services fulfill the contractual requirements concerning quality, safety and efficiency while abide by statutory and governing obligations.

The Group gives the highest priority to safety, and it takes a proactive role in ensuring the safety of construction workers with an aim to achieve zero safety incidents at every construction site. As mentioned in the *Health and Safety* section, for every project site, there are assigned at least one Safety Officer and one Safety Supervisor to monitor the safety issue and handle emergency incidents if any. In order to ensure the high safety standard, frequent and detailed safety inspections and equipment tests are conducted in sites. If there are any dissatisfactions or violations on the safety policies, Safety Improvement Notice with warnings and administrative penalties will be sent to the responsible subcontractors. As of the strict standards of these safety inspection and monitoring procedures, the Group is confident that the service quality is of the best-in-kind.

The Group also conducts regular project site visit to ensure project progress and quality. Site progress reports are prepared regularly for various sites which keep track of the statutory form submission, site progress, schedule of works in the coming weeks, site safety, complaint received, and instruction received from architects and engineers. By this means, we can ensure that all aspects of the project are up to standard and that project plans are being executed in timely manner. With reference to the business nature of the Group's operation in the provision of construction and consulting works and project management services, there were no projects subject to recalls due to health and safety reasons. The Group maintained ISO14001:2015 certification on Environmental Management System and ISO9001:2015 on Quality Management System respectively for its construction contracting business. The construction works delivered to customers had fulfilled the specifications and requirements under the contracts, applicable statutory and regulatory requirements.

Customer Privacy

The Group believes that trust is one of the key elements of our success, on top of providing professional and quality services to our valued customers, we also attach great importance to protecting their privacy. The Group has established the internal policy on handling customers' information, which stipulated the procedures for collecting, transferring, using, and keeping customer property. All employees strictly follow the Group's policy and Code of Conduct and require handling all types of customer information confidentially with integrity.

During the Reporting Year, the Group has not received any complaint from our customers. The Group will continue to place the quality and safety of our products and services at top priority so as to deliver the best to our customers.

Intellectual Property Rights

The Group respects the intellectual property rights of others and itself while endeavours to comply with all applicable laws regarding intellectual property. The Group discourages any infringement of third-party copyrights and is committed to safeguard its own by communicating its expectations to employees. As the Group's core business involves in the provision of construction and consulting works and project management services, there was no intellectual property rights registered during the Reporting Year.

Relevant Laws and Regulations

Actively identifying compliance issues and remediating the findings of investigations can prevent problems from escalating. Therefore, we keep a close eye on the updates of "Buildings Ordinance", "Construction Industry Council Ordinance" and other relevant regulations to revise our policies and operations accordingly to prevent any malpractice. In addition, the Group strictly complied with the relevant laws and regulations relating to health and safety, advertising, labeling and privacy matters relating to services provided and methods of redress.

B7 Anti-corruption

It is the long-standing attitude of the Group to combat corruption and money laundering with integrity. Corruption and bribery are not entirely the question of morals and ethics, but also questions of legal litigation and the reputation damage. As part of the commitment, all forms of bribery and corruptions are unacceptable and will not be tolerated. To uphold the highest standards and commitment, all staff are abided by the Code. The Code has stated that:

(a) Employees shall not accept gifts and benefits that are beyond common business hospitality;

(b) Always act honestly and impartially;

(c) Employees should not offer bribe to any person for the purpose of obtaining or retaining business;

(d) Illegal to offer advantages to influence public servants and bribes in relations to public contracts, tenders and auctions; and

(e) Falsifying documents and furnishing false accounting records are strictly prohibited.

During the Reporting Year, there was no concluded legal case regarding corruption brought against the Group or its employees. The Group has established and adopted Anti-Corruption Policy in the Financial Year. According the Policy, the Group is guided to offering anti-corruption trainings to employees. The Group is considering to provide anti-corruption trainings to the employees if necessary in the future, for further extending the importance of anti-corruption to reinforce the importance of integrity within the company.

In addition to bribery and corruption, our employees are strictly prohibited from engaging in any illegal acts, including extortion, fraud, money laundering, etc.

Whistleblowing Procedures

The Group values and welcomes our employees to report any suspected malpractices through various channels (i.e. emails, website or in person). We have established a Whistleblowing Policy in the Financial Year to provide guidance to the employees to report promptly to the Company Secretary and the Audit Committee of the Company when the employees become aware of any existing or potential misconduct, malpractice or irregularities within the Group. A designated mailbox has been established for the reporting of suspicious cases. The management will take immediate action to investigate on the issue and take follow-up actions if necessary. It is the Group’s core values for reminding its employees to uphold their integrity and professionalism as aforementioned.

B8 Community Investment

We have long practiced corporate social and environmental responsibility, contributing to the well-being of communities. The Group is particularly interested in advocating public health and youth education.

During the Reporting Year, the Group has donated a total of HK$1.8 million (FY2021/22: HK$1.8 million) to various organizations including the Scout Association of Hong Kong, Madam Lau Kam Lung Secondary School, Community Synergy for Rehabilitation Association, Police College Fund, Po Leung Kuk and Twinkle Stars. Our area of contribution of the reporting year mainly covers education and support the new generations. Apart from monetary contribution, the Group's employees have also took part in continuously delivering medical supplies to local communities in light of the outbreak of coronavirus. During the Reporting Year, 60 of our employees have participated in community services with a total of 300 hours of service. The Group was also honoured to receive the Chief Executive's Commendation for Community Service for the contribution in Anti Covid-19 epidemic of the Group in the Reporting Year.

In the future, the Group will continue to invest more resources and engage more employees in community investment, in a bid to give back to the community while promoting corporate social responsibility and bringing positive impacts to society.

Report of Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the year, the Company's subsidiaries are main contractor in Hong Kong principally engaged in providing substructure building works services, superstructure building works services and RMAA works services.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a review of the Group's business, a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators and indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 8 of this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The principal activity of the Group is in Hong Kong and our operations are governed by Hong Kong laws and regulations including the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong). These laws and regulations cover a broad range of environmental matters, including air pollution, noise emissions, discharge of sewage and waste residues. The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources.

The Group will continue to monitor the construction process in order to ensure that it does not have a significant adverse effect on the environment and that the Group's environmental protection measures are adequate to ensure compliance with all applicable current regulations. As at 31 March 2023, no significant administrative sanctions, penalties or punishments have been imposed upon us for the violation of any environmental laws or regulations.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Company and its subsidiaries during the year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER PARTIES

The Company is of the view that it has been maintaining a good relationship with the following key stakeholders of the Group:

- employees and workers
- major customers
- major suppliers and subcontractors
- bankers

DONATIONS

Charitable and other donations made by the Group during the year ended 31 March 2023 amounted to approximately HK$1.8 million (31 March 2022: HK$1.8 million).

PERMITTED INDEMNITY PROVISION

Each Director or other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

RESULTS AND DIVIDEND

The Board did not declare an interim dividend (2022: nil) during the year.

The board did not recommend the payment of any final dividend for the year ended 31 March 2023 (2022: nil).

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval at annual general meeting. The Board will review the Dividend Policy of the Company from time to time in light of our financial performance, our retained earnings and distributable reserves, our business strategies, our current and future operations, liquidity position and capital requirements, the economic conditions, and other factors the Board may deem relevant in determining whether dividends are to be declared and paid.

SHARE CAPITAL

As at 31 March 2023, the Company's issued share capital was HK$10,130,000 and the number of its issued ordinary shares was 1,013,000,000 of HK$0.01 each.

Details of movements in the share capital during the year are set out in Note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2023.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 March 2023 are set out in note 27 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Ng Choi Wah *(Chairman)*
Mr. Lui Yiu Wing
Mr. Lam Ka Fai

Independent non-executive Directors

Dr. Wai Wing Hong Onyx
Mr. Tong Hin Sum Paul
Mr. Chau Kam Wing Donald

Brief biographical details of Directors and senior management are set out on pages 9 to 15 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 29 March 2016 and will continue thereafter until terminated in accordance with the terms of the agreement.

Each of the independent non-executive Directors was appointed by the Company for a term of one year from 1 April 2022 and can be terminated by either party giving not less than one month's notice in writing.

No Directors being proposed for re-election at the forthcoming annual general meeting has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation (other than the statutory compensation).

During the year ended 31 March 2023, details of the significant related party transactions undertaken in the normal course of business are set out in the Note 30 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Ng and JT Glory Limited the ("**Controlling Shareholders**"), have made an annual declaration in respect of their compliance with the terms of non-competition undertaking. Details of the non-competition undertaking are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

The non-competition undertakings in respect of the controlling shareholders have become effective from the Listing Date.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2023.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

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

RETIREMENT BENEFITS PLANS

The Group has arranged all qualifying employees in Hong Kong to join the Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Ordinance. Under the MPF Scheme, each of the Group (the "**employer**") and its employees makes monthly contributions to the MPF Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from employer and each of the employees respectively are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

The Group contributes to defined contribution retirement schemes which are available to all employees. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions. At 31 March 2023, there were no forfeited contributions available to reduce future obligations (2022: Nil). The Group does not have defined benefit plans.

DISCLOSURE OF INTEREST

A. Directors' and Chief executives' interest and short position in shares, underlying shares and debentures

As at 31 March 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of Securities and Futures Ordinance ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**"), are set out below:

Long Positions in shares of the Company or any of its associated corporation

Name of our Directors/ chief executive	Number of ordinary shares held	Interests in Share Option (Note 2)	Total	Approximate percentage of shareholding interests in our Company (%) (Note 3)
Executive Directors				
Mr. Ng Choi Wah	723,460,000 (Note 1)	10,000,000	733,460,000	72.40%
Mr. Lui Yiu Wing	900,000	3,000,000	3,900,000	0.38%
Mr. Lam Ka Fai	–	3,000,000	3,000,000	0.30%
Independent non-executive Directors				
Dr. Wai Wing Hong Onyx	–	1,000,000	1,000,000	0.10%
Mr. Tong Hin Sum Paul	–	1,000,000	1,000,000	0.10%
Mr. Chau Kam Wing Donald	–	1,000,000	1,000,000	0.10%
Chief executive				
Mr. Tse Lai Han Henry	–	6,000,000	6,000,000	0.59%

Note 1: 645,000,000 Shares are registered in the name of JT Glory Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Ng. Under the SFO, Mr. Ng is deemed to be interested in all Shares held by JT Glory Limited. Another 68,460,000 shares are owned by Mr. Ng through the Bank directly.

Note 2: These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 3: These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 31 March 2023.

Short positions in shares of the Company or any of its associated corporation

As at 31 March 2023, there is no short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

B. Substantial Shareholders' and Other Persons' interests and short positions in the shares and underlying shares of the Company

So far as the Directors are aware, as at 31 March 2023, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long Position in shares of the Company

Name	Capacity/ Nature of interest	Number of Ordinary Shares held	Interests in share option (Note 3)	Approximate percentage of shareholding interests in our Company (Note 4)
Mr. Ng	Interest in a controlled corporation	645,000,000	–	63.67%
	Beneficial owner	78,460,000	10,000,000	8.73%
JT Glory Limited	Beneficial owner	645,000,000 (Note 1)	–	63.67%
Ms. Cheung Yuk Sheung ("**Ms. Cheung**")	Interest of spouse	713,460,000 (Note 2)	–	70.43%
	Beneficial owner	–	2,500,000	0.25%

Note 1: JT Glory Limited is wholly-owned by Mr. Ng. Under the SFO, Mr. Ng is deemed to be interested in all the Shares held by JT Glory Limited.

Note 2: Ms. Cheung is the spouse of Mr. Ng. Under the SFO, Ms. Cheung is deemed to be interested in all the Shares held by Mr. Ng.

Note 3: These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 4: These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 31 March 2023.

Short positions in shares of the Company

As at 31 March 2023, there is no short positions of every person, other than a director and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2023, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

	Percentage of revenue
— The largest customer	20.0%
— The total of the five largest customers	63.3%

For the year ended 31 March 2023, the percentages of cost of services attributable to the Group's major suppliers and subcontractors are set out below:

Cost of services

	Percentage of total purchase
— The largest supplier	20.6%
— The total of the five largest suppliers	47.7%

	Percentage of total subcontracting cost
— The largest subcontractor	8.6%
— The total of the five largest subcontractors	31.3%

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

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2023, the Group had not entered into any connected transactions or continuing connected transactions that are not exempted under Rule 14A.73 of the Listing Rules.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 10 March 2016. On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employees and directors under the Share Option Scheme. The exercise price of the granted options is HK$0.40 per share. No share options were exercised or forfeited during the year ended 31 March 2023. Details of accounting policies adopted for the share options are described in Note 26 to the consolidated financial statements.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme enables our Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to our Group.

(b) Participants

The Board may, at its discretion, invite any Eligible Persons to take up Options.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 100,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

(e) Term of subscription of Shares upon exercise of the options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

(f) Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within twenty eight days from the date on which the option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(h) Basis for Determination the Exercise Price

The exercise price for any share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee (in the letter containing the offer of the grant of the option) and shall not be less than the highest of:

(i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of grant;

(ii) the average closing price per Share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share at the date of grant.

(i) The Remaining Life of the Scheme

Approximately 4 years (expiring on 20 November 2027).

On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employee and directors under the Share Option Scheme. The exercise price of the granted options is HK$0.40 per share. No share options were exercised or forfeited during the year ended 31 March 2023. Details of accounting policies adopted for the share options are described in Note 26 to the consolidated financial statements.

Details of the share options under the Share Option Scheme during the year ended 31 March 2023 were as follows:

Name	Date of Grant	Exercisable period	Exercise price of share option	Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 March 2023	Approximate percentage of the issued shares of the Company
Mr. Ng Choi Wah	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	10,000,000	–	–	–	–	10,000,000	0.99%
Mr. Lui Yiu Wing	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	3,000,000	–	–	–	–	3,000,000	0.30%
Mr. Lam Ka Fai	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	3,000,000	–	–	–	–	3,000,000	0.30%
Mr. Tse Lai Han Henry	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	6,000,000	–	–	–	–	6,000,000	0.59%
Dr. Wai Wing Hong Onyx	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	1,000,000	–	–	–	–	1,000,000	0.10%
Mr. Tong Hin Sum Paul	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	1,000,000	–	–	–	–	1,000,000	0.10%
Mr. Chau Kam Wing Donald	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	1,000,000	–	–	–	–	1,000,000	0.10%
Ms. Cheung Yuk Sheung	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	2,500,000	–	–	–	–	2,500,000	0.25%
Other senior management and employees	21 November 2017	21 November 2018 to 20 November 2027	HK$0.40 per share	5,000,000	–	–	–	–	5,000,000	0.49%

Report of Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 16 to 24 of this report.

AUDITOR

BDO Limited was appointed by the Directors as the auditor of the Company. BDO Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 March 2023 have been audited by BDO Limited.

By Order of the Board
Ng Choi Wah
Chairman

Hong Kong, 23 June 2023

Independent Auditor's Report

To the Shareholders of Ching Lee Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ching Lee Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 72 to 137, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from construction contracts

The Group is engaged in provision of construction and consultancy works and project management services in Hong Kong (the "Construction Works"). The Group recognised revenue on provision of the Construction Works of approximately HK$708,782,000 for the year ended 31 March 2023. The Group's revenue from Construction Works is recognised over time using the input method of which the progress towards satisfaction of the performance obligations is measured based on the Group's inputs incurred up to the year end as a percentage of total estimated inputs for each contracts.

As disclosed in Note 5 to the consolidated financial statements, the management prepared total budgeted contract cost and profit margin on the basis of quotations, from time to time, provided by the subcontractors or suppliers of contract materials involved. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews and revisions of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such estimate may have impact on the revenue and profit recognised in each period.

We have identified recognition of revenue from construction contracts as a key audit matter because of its significance to the Group's consolidated financial statements and involvement of significant management estimates in determining estimated outcomes of the construction contracts and value of works completed.

Refer to summary of significant accounting policies in Note 4(j), critical accounting estimates and judgements in Note 5(i) and disclosure of revenue in Note 7 in notes to the consolidated financial statements.

Our response:

Our principal procedures in relation to the recognition of revenue from construction contracts included:

- Obtaining an understanding from management, project director, quantity surveyor manager and project managers about how the approved budgets were prepared and the progress towards complete satisfaction of the performance obligations was determined;

- Agreeing the contract sum and variation orders, if any, to respective signed contracts and correspondence with customers, on a sample basis;

- Checking the estimated budgeted contract costs against underlying contracts, quotations, and payment certificates from subcontractors or suppliers, on a sample basis. Obtain understanding on significant revisions of estimated budgeted contract costs, if any;

- Assessing the accuracy of the actual costs incurred for the year by inspecting signed contracts, invoices from subcontractors and suppliers, payment evidences such as payment certificates, on sample basis; and

- Assessing the reliability of the approved budgeted contract costs by comparing to the actual costs against on completed contracts, on a sample basis.

Impairment assessment on trade and other receivables and contact assets

As at 31 March 2023, the Group had trade and other receivables and contract assets amounting to HK$69,884,000 and HK$323,011,000, respectively, net of expected credit losses ("ECL") of HK$5,371,000 and HK$1,481,000, respectively, which were significant to the Group's consolidated financial statements.

The measurement of impairment on the Group's trade and other receivables and contract assets under the ECL approach was estimated by management through the application of judgements and use of highly subjective assumptions. Management uses the simplified approach to calculate ECLs for trade receivables and contract assets and the general approach to calculate ECLs for other receivables. As disclosed in Note 5(ii) to the consolidated financial statements, management estimates the amount of loss allowance for trade and other receivables and contract assets based on the credit risk of receivables, repayment history and management's industrial knowledge and experience. The impact of current economic factors and forward-looking factors specific to the debtors were also considered in management's assessment of the likelihood of recovery on receivables and contract assets.

We have identified impairment assessment on trade and other receivables and contract assets as a key audit matter because of its significance to the Group's consolidated financial statements and due to considerable amount of judgement being required and high level of estimation uncertainty involved in conducting impairment assessment as mentioned in the forgoing paragraphs.

Refer to summary of significant accounting policies in Note 4(h), critical accounting estimates and judgements in Note 5(ii), disclosure of trade and other receivables and contract assets in Notes 19 and 20(i) and impairment under ECL model in Note 36(a) in notes to the consolidated financial statements.

Our response:

Our principal procedures in relation to the impairment assessment on trade and other receivables and contact assets included:

- Understanding the processes and controls on how the management estimates the credit loss allowance for trade and other receivables and contract assets;
- Evaluating the methodologies, inputs and assumptions used by management in their impairment assessment and their calculation of the impairment allowance under the ECL approach;
- Testing the accuracy of information used by the management to assess ECL including ageing analysis as at 31 March 2023, on a sample basis, by comparing individual items in the analysis with the relevant contracts, invoices on progress payments of contract work and other supporting evidences;
- Challenging management's basis and judgement in determining credit loss allowance on trade and other receivables and contract assets as at 31 March 2023, including reasonableness of loss given default rates, discount rates and the estimation of loss rates for debtors that are assessed individually etc.; and
- Testing subsequent settlements on a sample basis by inspecting supporting documents in relation to cash receipt subsequent to the end of the reporting period.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

BDO Limited
Certified Public Accountants

Pak Tak Lun
Practising Certificate Number: P06170

Hong Kong, 23 June 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	7	**708,782**	536,502
Cost of revenue		**(637,111)**	(512,265)
Gross profit		**71,671**	24,237
Other income and gains or losses, net	8	**1,635**	3,911
Administrative and other operating expenses		**(52,583)**	(45,271)
Expected credit loss on financial assets, net		**(1,353)**	(1,883)
Finance costs	10	**(6,333)**	(3,340)
Share of results of an associate		**1,521**	1,523
Profit/(loss) before income tax	9	**14,558**	(20,823)
Income tax	11	**(2,740)**	2,662
Profit/(loss) and total comprehensive income for the year		**11,818**	(18,161)
Earnings/(loss) per share — Basic and Diluted (HK cents)	14	**1.17**	(1.79)

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**34,356**	34,710
Intangible asset	16	**790**	790
Interest in an associate	17	**14,204**	12,683
Financial assets at fair value through profit or loss	18	**26,403**	9,197
Deposit paid for acquisition of financial assets	19	**–**	2,430
Rental deposits	19	**262**	–
Deferred tax assets	11	**279**	2,864
Total non-current assets		**76,294**	62,674
Current assets			
Trade and other receivables	19	**94,334**	56,110
Contract assets	20	**323,011**	142,257
Amount due from an associate	17	**6,404**	6,398
Taxation recoverable		**–**	1,894
Financial asset at fair value through profit or loss	18	**368**	–
Pledged bank deposits	21	**25,000**	25,211
Bank balances and cash	21	**57,000**	27,255
Total current assets		**506,117**	259,125
Current liabilities			
Trade and other payables	22	**313,760**	138,825
Contract liabilities	20	**11,676**	8,036
Lease liabilities	23	**1,731**	1,269
Bank borrowings, secured	24	**136,834**	68,472
Provision of taxation		**130**	–
Total current liabilities		**464,131**	216,602
Net current assets		**41,986**	42,523
Total assets less current liabilities		**118,280**	105,197

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	23	**1,726**	461
Total non-current liabilities		**1,726**	461
Net assets		**116,554**	104,736
Capital and reserves			
Share capital	25	**10,130**	10,130
Reserves	27	**106,424**	94,606
Total equity		**116,554**	104,736

Approved and authorised for issue by the board of directors on 23 June 2023.

Mr. Ng Choi Wah
Executive Director

Mr. Lui Yiu Wing
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

		Reserves				
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000 (Note (a))	**Share option reserve** HK$'000 (Note (b))	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2021	10,130	78,435	(28,965)	5,060	61,276	125,936
Loss and total comprehensive income for the year	–	–	–	–	(18,161)	(18,161)
Dividend declared and paid (Note 13)	–	–	–	–	(3,039)	(3,039)
At 31 March 2022 and 1 April 2022	10,130	78,435	(28,965)	5,060	40,076	104,736
Profit and total comprehensive income for the year	–	–	–	–	11,818	11,818
At 31 March 2023	10,130	78,435	(28,965)	5,060	51,894	116,554

Notes:

(a) Merger reserve represents the difference between the investment costs in subsidiaries and the aggregate amount of issued share capital of subsidiaries pursuant to the group reorganisation carried out by the Group in preparation for the listing of shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(b) Share option reserve represents cumulative expenses recognised on the grant of share options to the employees over the vesting period.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Operating activities		
Profit/(loss) before income tax	**14,558**	(20,823)
Adjustments for:		
Changes in fair value of financial assets at fair value through profit or loss	**6,426**	(1,853)
Depreciation of property, plant and equipment	**4,330**	4,416
Expected credit loss on financial assets, net	**1,353**	1,883
Bank interest income	**(17)**	(2)
Finance costs	**6,333**	3,340
Share of results of an associate	**(1,521)**	(1,523)
Gain on disposal of property, plant and equipment	**(4)**	–
Dividend income from financial assets at fair value through profit or loss	**(4,655)**	–
Operating profit/(loss) before working capital changes	**26,803**	(14,562)
Increase in trade and other receivables	**(38,785)**	(6,330)
(Increase)/decrease in contract assets	**(180,936)**	70,034
Increase in contract liabilities	**3,640**	4,968
Increase/(decrease) in trade and other payables	**176,789**	(62,771)
Cash used in operating activities	**(12,489)**	(8,661)
Income tax refund/(paid)	**1,869**	(500)
Net cash used in operating activities	**(10,620)**	(9,161)
Investing activities		
Release in pledged bank deposits	**211**	–
Placement in pledged bank deposits	**–**	(2)
Payment for acquisition of financial assets	**(21,570)**	–
Payment for deposit for acquisition of financial assets	**–**	(2,430)
Purchases of property, plant and equipment	**(375)**	–
Proceeds from disposal of property, plant and equipment	**4**	–
Interest received	**17**	2
Dividend received from an associate	**–**	3,510
Dividend received from financial assets at fair value through profit or loss	**2,074**	–
Repayment from amount due from an associate	**–**	6,257
Proceeds to amount due from an associate	**(151)**	–
Net cash (used in)/generated from investing activities	**(19,790)**	7,337

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Financing activities	33		
Proceeds from new bank borrowings		**363,819**	350,963
Repayments of bank borrowings		**(295,457)**	(372,022)
Repayment of principal portion of the lease liabilities		**(1,874)**	(2,032)
Interest paid on bank borrowings		**(6,103)**	(3,149)
Interest paid on lease liabilities		**(230)**	(191)
Dividend paid		**–**	(3,039)
Net cash generated from/(used in) financing activities		**60,155**	(29,470)
Net increase/(decrease) in cash and cash equivalents		**29,745**	(31,294)
Cash and cash equivalents at beginning of year		**27,255**	58,549
Cash and cash equivalents at end of year, representing bank balances and cash		**57,000**	27,255

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

1. GENERAL INFORMATION

Ching Lee Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 16 November 2015. Its shares are listed on Main Board of the Stock Exchange. The address of its registered office and principal place of business are disclosed in the corporate information section in the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of construction and consultancy works and project management services in Hong Kong (the "Construction Works").

The directors of the Company consider the Company's ultimate parent is JT Glory Limited, a company incorporated in the British Virgin Islands ("BVI").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants ("2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
HKFRS 17	Insurance Contracts and the related Amendments[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (Revised), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that an entity will exercise its right to defer settlement of a liability. The amendments also clarify the situations that are considered a settlement of a liability.

In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Earlier application is permitted.

The directors of the Company are currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. Earlier application is permitted.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Continued)

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. For entities which may have already accounted for such transactions consistent with the new requirements, these entities will not be affected by the amendments.

The directors of the Company do not anticipate that the application of these amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The amendments are to be applied prospectively.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transaction arise.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 17, Insurance Contracts and the related Amendments

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments in 2020 introduced changes to simplify some of the requirements; make financial performance easier to explain and ease transition by providing addition transition reliefs. Amendments in 2022 introduced a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17 to avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

The directors of the Company do not anticipate that the application of these standard and amendments in the future will have an impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

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

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

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: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) 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.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, all amounts previously recognised in other comprehensive income in relation to that associate are recognised on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest it that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	over the shorter of 4 years or the term of land leases
Furniture and equipment	4 years
Motor vehicles	4–5 years
Machineries	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Government grant

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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income and gains, rather than reducing the related expense.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases — the group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of land, buildings and motor vehicles under tenancy agreements which are held for own use. Right-of-use assets of the Group are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and buildings	Over the lease terms
Motor vehicles	Shorter of 4 years or the lease term

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases — the group as a lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases — the group as a lessee (Continued)

Lease liability (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for Covid-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

(g) Intangible assets (other than goodwill)

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible asset, representing club membership, with indefinite useful live is tested for impairment annually either individually or at the cash-generating unit level. This intangible asset is not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, contract assets and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in Note 4(h)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

(j) Recognition of revenue and other income

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Recognition of revenue and other income (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from Construction Works is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group measures progress towards complete satisfaction of a performance obligation at end of the reporting period using input method by reference to the contract costs incurred to date as a proportion of the total estimated contract costs that best depict the Group's performance in transferring control of goods or services. Credit terms granted to customers vary from contract to contract, which are generally within 30 days from the date of issuance of the interim certificate.

For construction contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Interest income is recognised on a time proportion basis by reference to the principal outstanding using the effective interest method.

Contract assets and liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Recognition of revenue and other income (Continued)

Contract assets and liabilities (Continued)

Contract asset is recognised when (i) the Group completes the Construction Works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

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

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

(c) the costs are expected to be recovered.

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

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for taxable temporary differences arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

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

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision 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.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (Continued)

(ii) Defined contribution retirement plan

The Company's subsidiaries which operates in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, intangible assets, interests in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Related parties

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of key management personnel of the Company or the Company's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

(p) Borrowing costs

Borrowings costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, 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 differ from these estimates.

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

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Construction contract

Construction contract revenue is recognised over time using the input method of which the progress towards satisfaction of the performance obligations is measured based on the Group's inputs incurred up to the year end as a percentage of total estimated inputs for each contracts.

The management prepared total budgeted contract cost and profit margin on the basis of quotations, from time to time, provided by the subcontractors or suppliers of contract materials involved. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews and revisions of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such estimate may have impact on the revenue and profit recognised in each period.

(ii) Impairment of trade and other receivables and contract assets

Management estimates the amount of loss allowance for trade and other receivables and contract assets based on the credit risk of receivables, repayment history and management's industrial knowledge and experience. The impact of current economic factors and forward-looking factors specific to the debtors were also considered in management's assessment of the likelihood of recovery on receivables and contract assets. The information about the ECLs on the Group's trade and other receivables and contract assets are disclosed in Note 36(a) to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iii) Impairment of non-financial assets

Management assesses impairment by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting date and approximate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(iv) Fair value measurement of financial assets at FVTPL

The fair value assessment of financial assets at FVTPL that are measured at level 3 fair value hierarchy requires significant estimates, which include risk-free rates, expected volatility, relevant underlying financial projections, market information of recent transactions and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. Further details of fair value measurement are disclosed in Note 35(b).

(v) Classification of financial assets at FVTPL

During the year, the Group entered into a subscription agreement for subscription of shares of Project Company (as defined in Note 18) at a consideration of HK$24,000,000. The Group has 20% voting right in the shareholder's meeting and the Group has no right to appoint directors of the board of the Project Company. The directors of the Company assessed whether the Group has control, joint control, or the power to exercise significant influence over the Project Company based on whether the Group has the practice ability to direct the relevant activities of the Project Company unilaterally and the existence of significant influence. In making the judgement, the directors of the Company considered the Group's absolute size of holding in the Project Company and the relative size of and dispersion of the shareholdings owned by the other shareholders, the evidence by having no representation on the board of directors of the Project Company and participation in the Project Company's financial and operating policy decision-making. The Group considers it has no control, joint control nor power to exercise significant influence over the Project Company and the equity interest over Project Company are accounted for as financial instruments measured at fair value through profit or loss under HKFRS 9.

6. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

Management regularly reviews the operating results from a project-based perspective. The reportable operating segment derives revenue primarily from provision of construction and consultancy works and project management services. Business segment information is not considered necessary.

The Group's revenue and results are all derived from provision of construction and consultancy works and project management services in Hong Kong and no consolidated assets of the Group are located outside Hong Kong.

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2023 **HK$'000**	2022 HK$'000
Customer I	**141,709**	N/A[1]
Customer II	**91,735**	N/A[1]
Customer III	**84,221**	N/A[1]
Customer IV	**N/A[1]**	186,606
Customer V	**N/A[1]**	117,396

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

7. REVENUE

Revenue, which is also the Group's turnover, represents the Construction Works income. Revenue recognised from the principal activities during the year is as follows:

	2023 **HK$'000**	2022 HK$'000
Revenue from contract with customers by major services:		
Substructure building works services	**22,801**	20,320
Superstructure building works services	**614,593**	497,126
Repair, maintenance, alteration and addition services	**71,388**	19,056
	708,782	536,502

During the years, primary geographical market on the Group's revenue from contract with customers is Hong Kong.

During the years, all revenue from contract with customers are recognised over time.

As at 31 March 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$1,249,262,000 (2022: HK$677,453,000). This amount represents revenue expected to be recognised in the future from partially-completed construction contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 29 months (2022: 12 months).

8. OTHER INCOME AND GAINS OR LOSSES, NET

	2023 HK$'000	2022 HK$'000
Bank interest income	**17**	2
Dividend income from financial assets at FVTPL	**4,655**	–
Government subsidies (Note)	**2,259**	–
Subsidies from an industry association in relation to provision of Construction Works	**729**	837
Gain on disposal of property, plant and equipment	**4**	–
Insurance compensation	**–**	180
Changes in fair value of financial assets at FVTPL (Note 18)	**(6,426)**	1,853
Others, net	**397**	1,039
	1,635	3,911

Note:

For the year ended 31 March 2023, government grants of HK$2,259,000 was obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program as at 31 March 2023. The Hong Kong SAR Government did not offer government grant under ESS for the year 2022.

9. PROFIT/(LOSS) BEFORE INCOME TAX

This is arrived at after charging the following:

	2023 HK$'000	2022 HK$'000
Auditor's remuneration	**1,200**	1,000
Depreciation in respect of:		
— Owned assets	**372**	373
— Leased assets	**3,958**	4,043
	4,330	4,416
Employee benefit expenses (including directors' emoluments (Note 12))		
— Salaries, allowances and other benefits	**57,804**	49,724
— Contribution to defined contribution retirement plan	**1,819**	1,428
	59,623	51,152
Short-term leases expenses:		
— Buildings	**1,416**	1,255
— Equipment	**10,892**	3,334

10. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank borrowings	**6,103**	3,149
Interest on lease liabilities (Note 23)	**230**	191
	6,333	3,340

11. INCOME TAX AND DEFERRED TAX

(i) The amounts of income tax in the consolidated statement of comprehensive income represent:

	2023 HK$'000	2022 HK$'000
Current tax		
— Hong Kong Profits Tax	**130**	–
— Under/(over)-provision for prior years	**25**	(79)
Deferred tax	**2,585**	(2,583)
	2,740	(2,662)

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year with tax relief of ceiling of HK$6,000 per case, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax regime. Under which, two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million.

The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group.

The income tax for the year can be reconciled to the profit/(loss) before income tax in the consolidated statement of comprehensive income as follows:

	2023 HK$'000	2022 HK$'000
Profit/(loss) before income tax	**14,558**	(20,823)
Tax calculated at tax rate of 16.5%	**2,402**	(3,436)
Tax effect of share of results of an associate	**(251)**	(251)
Tax effect of revenue not taxable for tax purposes	**(1,145)**	(545)
Tax effect of expenses not deductible for tax purposes	**1,505**	1,294
Tax effect of temporary differences not recognised	**320**	355
Under/(over)-provision for prior years	**25**	(79)
Income tax at concessionary rate	**(110)**	–
Tax relief for the year	**(6)**	–
	2,740	(2,662)

11. INCOME TAX AND DEFERRED TAX (CONTINUED)

(ii) Details of the deferred tax assets recognised and movements during the current and prior years are as follows:

	Tax losses HK$'000	Decelerated/ (Accelerated) tax depreciation HK$'000	Total HK$'000
At 1 April 2021	–	281	281
Credited to profit or loss	2,700	(117)	2,583
At 31 March 2022 and 1 April 2022	2,700	164	2,864
Debited to profit or loss	(2,700)	115	(2,585)
At 31 March 2023	–	279	279

Deferred tax assets arising from the unused tax losses have been recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

12. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the years are set out below:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contribution HK$'000	Total HK$'000
Year ended 31 March 2023				
Executive directors				
Mr. Ng Choi Wah ("Mr. Ng")	**6,094**	**2,322**	**18**	**8,434**
Mr. Lui Yiu Wing	**1,646**	**240**	**18**	**1,904**
Mr. Lam Ka Fai	**1,434**	**72**	**18**	**1,524**
Independent non-executive directors				
Mr. Wai Wing Hong Onyx	**192**	**–**	**–**	**192**
Mr. Tong Hin Sum Paul	**192**	**–**	**–**	**192**
Mr. Chau Kam Wing Donald	**192**	**–**	**–**	**192**
	9,750	**2,634**	**54**	**12,438**

12. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The emoluments of each of the directors for the years are set out below: (Continued)

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contribution HK$'000	Total HK$'000
Year ended 31 March 2022				
Executive directors				
Mr. Ng	3,116	4,564	18	7,698
Mr. Lui Yiu Wing	1,011	276	18	1,305
Mr. Lam Ka Fai	983	108	18	1,109
Independent non-executive directors				
Mr. Wai Wing Hong Onyx	192	–	–	192
Mr. Tong Hin Sum Paul	192	–	–	192
Mr. Chau Kam Wing Donald	192	–	–	192
	5,686	4,948	54	10,688

During the years ended 31 March 2023 and 2022, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the years ended 31 March 2023 and 2022.

Discretionary bonus is determined primarily based on the performance of each director and the profitability of the Group.

12. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included three (2022: three) directors and the following two (2022: two) non-director individuals whose emoluments are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries, allowances and other benefits	**2,992**	3,374
Contribution to pension scheme	**36**	36
	3,028	3,410

Remuneration of these non-director highest paid individuals was within the following bands:

	2023	2022
HK$1,000,001 — HK$1,500,000	**1**	–
HK$1,500,001 — HK$2,000,000	**1**	2

The remaining highest paid individuals are directors of the Company whose emoluments are reflected in the analysis presented in Note 12(a) above.

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2023	2022
HK$Nil — HK$1,000,000	**3**	2
HK$1,000,001 — HK$1,500,000	**2**	1
HK$1,500,001 — HK$2,000,000	**–**	1

13. DIVIDEND

The board of directors did not declare an interim dividend during the years. The board of directors did not recommend the payment of any final dividend for the years ended 31 March 2023 and 2022.

14. EARNINGS/(LOSS) PER SHARE

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

	2023 **HK$'000**	2022 HK$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**11,818**	(18,161)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,013,000,000**	1,013,000,000
Effect of dilutive potential ordinary shares:		
— Share options (Note)	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,013,000,000**	1,013,000,000

Note: For the years ended 31 March 2023 and 2022, the computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price for shares.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Machineries HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost						
As at 1 April 2021	937	2,772	3,237	21,386	53,077	81,409
Transfer	–	–	800	–	(800)	–
Written off	–	–	–	(8,500)	–	(8,500)
Write back on expiry of leases	–	–	–	–	(348)	(348)
At 31 March 2022 and 1 April 2022	937	2,772	4,037	12,886	51,929	72,561
Additions	–	18	357	–	3,601	3,976
Transfer	–	–	1,592	–	(1,592)	–
Disposal	–	–	(510)	–	–	(510)
Written off	–	–	–	(8,236)	–	(8,236)
Write back on expiry of leases	–	–	–	–	(1,714)	(1,714)
At 31 March 2023	937	2,790	5,476	4,650	52,224	66,077
Accumulated depreciation						
As at 1 April 2021	930	2,280	3,040	21,386	14,647	42,283
Charge for the year	7	228	138	–	4,043	4,416
Transfer	–	–	800	–	(800)	–
Written off	–	–	–	(8,500)	–	(8,500)
Write back on expiry of leases	–	–	–	–	(348)	(348)
At 31 March 2022 and 1 April 2022	937	2,508	3,978	12,886	17,542	37,851
Charge for the year	–	261	111	–	3,958	4,330
Transfer	–	–	1,592	–	(1,592)	–
Disposal	–	–	(510)	–	–	(510)
Written off	–	–	–	(8,236)	–	(8,236)
Write back on expiry of leases	–	–	–	–	(1,714)	(1,714)
At 31 March 2023	937	2,769	5,171	4,650	18,194	31,721
Net carrying value						
At 31 March 2023	–	21	305	–	34,030	34,356
At 31 March 2022	–	264	59	–	34,387	34,710

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

The Group has lease contracts for various items of buildings and motor vehicles used in its operations. Leases of owned land and buildings generally have remaining lease terms of 15 years, buildings generally have lease terms between 2 to 3 years and motor vehicles generally have lease terms of 4 years.

The Group also has certain leases of buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The right-of-use assets in relation to owned leasehold land and buildings are situated in Hong Kong as at 31 March 2023 and 2022, of which HK$23,133,000 (2022: HK$24,666,000) were pledged as securities for the bank facilities of the Group (Note 24).

Set out below are the net carrying amounts of right-of-use assets recognised and the movements during the year:

	Owned leasehold land and buildings	**Leased buildings**	**Motor vehicles**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2021	35,229	1,225	1,976	38,430
Depreciation expense	(2,072)	(855)	(1,116)	(4,043)
As at 31 March 2022 and 1 April 2022	33,157	370	860	34,387
Additions	–	3,601	–	3,601
Depreciation expense	(2,072)	(1,054)	(832)	(3,958)
As at 31 March 2023	31,085	2,917	28	34,030

16. INTANGIBLE ASSET

	Club membership
	HK$'000
Cost and carrying amount	
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	790

The intangible asset is not amortised for the years ended 31 March 2023 and 2022 as the club membership has no expiry date. The club membership is tested for impairment annually. As at 31 March 2023 and 2022, the directors have performed impairment review and are of the opinion that no impairment is recognised.

17. INTEREST IN AN ASSOCIATE

	2023 HK$'000	2022 HK$'000
Non-current:		
Interest in an associate, including goodwill	**14,204**	12,683

As at 31 March 2023 and 2022, the amount due from an associate is unsecured, interest-free and repayable on demand.

Movements in the expected credit loss in respect of amount due from an associate during the year are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year	**90**	306
Expected credit loss recognised/(reversed) during the year	**145**	(216)
At end of year	**235**	90

Further details of the Group's credit policy and credit risk arising from amount due from an associate are set out in Note 36(a).

Details of the Group's associate are as follows:

Name	Place of incorporation	Operation and principal activity	Percentage of equity interest held by the Group
New Bright Engineering Limited ("New Bright")	Hong Kong	Provision of air-conditioning and electrical engineering installation and alteration works in Hong Kong	30%

During the year ended 31 March 2019, the Group entered into a share purchase agreement to acquire 30% equity interest in New Bright for consideration comprising HK$9,930,000 in cash and issue of 13,000,000 shares of the Company to the vendor. The transaction was completed during the year ended 31 March 2019.

The Group was granted the right to require the vendor to purchase 30% equity interest in New Bright held by the Group at a cash consideration of HK$15,000,000 together with interest of 10% per annum accrued from the acquisition date until the date of full payment by the vendor if the net profit after income tax of New Bright for any of the years ended 31 March 2018, 2019 and 2020 is less than HK$7,000,000 (the "Put Option"). The Put Option has an original expiry date on 29 September 2020.

17. INTEREST IN AN ASSOCIATE (CONTINUED)

During the year ended 31 March 2021, the Group entered into a supplemental agreement (the "Supplemental Agreement") to extend the put option arrangement with the vendor to 30 September 2023. Accordingly, a renewed put option was granted of which the Group has the right to require the vendor to purchase 30% equity interest in New Bright held by the Group at a cash consideration of HK$15,000,000 if the accumulated net profit after income tax of New Bright for the years ended 31 March 2021, 2022 and 2023 is less than HK$15,000,000 (the "Renewed Put Option"). The fair value of the Renewed Put Option (Note 18) as at 31 March 2023 and 2022 were estimated with reference to valuation performed by an independent firm of professionally qualified valuers using the Binomial Option Pricing Model.

Summarised financial information of the associate is as follows:

	2023 **HK$'000**	2022 HK$'000
Current assets	**47,264**	22,421
Non-current assets	**6**	36
Current liabilities	**(36,636)**	(16,892)
Net assets	**10,634**	5,565
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets of an associate	**3,190**	1,669
Goodwill on acquisition	**11,014**	11,014
Carrying amount of the investment	**14,204**	12,683
Revenue	**45,633**	40,867
Profit before income tax	**5,853**	5,879
Income tax	**(784)**	(801)
Profit and total comprehensive income for the year	**5,069**	5,078

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Unlisted equity investments		
At beginning of year	**8,211**	5,223
Addition *(Note (ii))*	**24,000**	–
Change in fair value	**(5,808)**	2,988
At end of year *(Note (i))*	**26,403**	8,211
Derivative financial instrument		
Renewed Put Option (Note 17)		
At beginning of year	**986**	2,121
Change in fair value	**(618)**	(1,135)
At end of year *(Note (iii))*	**368**	986
Total financial assets at FVTPL	**26,771**	9,197

The financial assets at FVTPL are analysed as:

	2023 HK$'000	2022 HK$'000
Current assets	**368**	–
Non-current assets	**26,403**	9,197
	26,771	9,197

Note:

(i) The amounts as at 31 March 2023 represented the Group's investments in (i) 3.5% equity interest in an unlisted private limited company incorporated in Hong Kong and (ii) 20% equity interest in Empire Elite Group Limited (the "Project Company") which are engaged in property development (2022: 3.5% equity interest in an unlisted private limited company incorporated in Hong Kong which was engaged in property development). The Directors classified the investments as financial assets at FVTPL as they are held for long term strategic gains and expect to realise after 12 months after the reporting period.

(ii) On 7 April 2022, the Company entered into a subscription agreement and a shareholders' agreement with Zun Wang Holdings Limited, Primo Holdings Limited, RJHK Company Limited, Gainful Asset Management Limited and Berrystead Investment Holdings Limited (collectively the "Shareholders"), independent third parties, which the Company and the Shareholders agreed to subscribe the equity shares issued by the Project Company, an unlisted private limited company incorporated in British Virgin Islands at a consideration of HK$24,000,000. The total subscription price was HK$120,000,000. The subscription was completed in April 2022 and the Group holds 20% equity interest in the Project Company. The principal activity of the Project Company in investment holding.

On the same day, the Project Company entered into a sale and purchase agreement with China Expert Development Limited, an independent third party, for purchase of the entire issued share capital of Front Builder Investment Limited (the "Target Company") at a total consideration of HK$111.5 million (the "Acquisition"). The Acquisition by the Project Company was completed in April 2022. The principal activity of the Target Company is property development in Hong Kong.

The Project Company is not regarded as an associate of the Group because the Group has only one-fifth of the voting power in the shareholder's meeting in the Project Company and the Group has no right to appoint directors of the board of the Project Company.

(iii) Pursuant to the Supplement Agreement, the Renewed Put Option will be expired on 30 September 2023. During the year ended 31 March 2023, the Renewed Put Option was reclassified to current. Please refer to Note 17 for detailed information.

For more detailed information in relation to the fair value measurement of the items above, please refer to Note 35(b).

19. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**65,422**	26,961
Less: Expected credit loss	**(647)**	(868)
	64,775	26,093
Deposits	**2,194**	5,024
Dividend receivable	**727**	–
Other receivables (Note)	**6,912**	10,852
	9,833	15,876
Less: Expected credit loss	**(4,724)**	(3,994)
	5,109	11,882
	69,884	37,975
Prepayments	**24,712**	20,565
	94,596	58,540
Less: Deposit paid for acquisition of financial assets under non-current assets	**–**	(2,430)
Less: Rental deposits under non-current assets	**(262)**	–
	94,334	56,110

Note:

As at 31 March 2022, included in other receivables was an amount of approximately HK$4,220,000 (2023: HK$Nil) due from the ultimate holding company of the Group. The amount due is unsecured, interest-free and repayable on demand.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the expected credit loss in respect of trade receivables during the year are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year	**868**	–
Expected credit loss recognised during the year	**296**	868
Written off during the year	**(517)**	–
At end of year	**647**	868

Movements in the expected credit loss in respect of other receivables during the year are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year	**3,994**	3,617
Expected credit loss recognised during the year	**730**	377
At end of year	**4,724**	3,994

The ageing analysis of trade receivables, based on invoice date, as at the end of reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Within 30 days	**38,921**	11,866
31–60 days	**25,854**	4,945
61–90 days	**–**	–
91–180 days	**–**	–
181–365 days	**–**	9,282
	64,775	26,093

As at 31 March 2023, the Group's trade receivables of HK$43,065,000 (2022: HK$2,712,000) were pledged as securities for the bank facilities of the Group (Note 24).

Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 36(a).

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

(i) Contract assets

	2023 HK$'000	2022 HK$'000
Related to provision of Construction Works	**324,492**	143,556
Less: Expected credit loss	**(1,481)**	(1,299)
	323,011	142,257

The Group's contract assets represent the Group's right to consideration for construction works completed but not yet billed to customers at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is, when the Group issues progress billings to customers based on certified amount agreed with customer. All contract assets are expected to be recovered/settled within one to three years. As at 31 March 2023, the increase (2022: decrease) in contract assets was resulted from the increase (2022: decrease) in the provision of construction works at the end of the year.

As at 31 March 2023, contract assets include retention receivables held by customers for construction works amounting to HK$64,050,000 (2022: HK$74,660,000). The Group typically agrees a one-year retention period for 5% to 10% of the contract sum, which is included in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

As at 31 March 2023, retention receivables of HK$37,094,000 (2022: HK$5,496,000) were expected to be recovered beyond twelve months after the end of the reporting period.

Further details of the Group's credit policy and credit risk arising from contract assets are set out in Note 36(a).

(ii) Contract liabilities

	2023 HK$'000	2022 HK$'000
Related to provision of Construction Works	**11,676**	8,036

As at 31 March 2023 and 2022, all contract liabilities are expected to be recognised as revenue within one year.

Movements in contract liabilities:

	2023 HK$'000	2022 HK$'000
At beginning of year	**8,036**	3,068
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(8,036)**	(3,068)
Increase in contract liabilities as a result of billing in advance of construction works	**11,676**	8,036
At end of year	**11,676**	8,036

21. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 March 2023 and 2022, pledged bank deposits were pledged to secure bank facilities of the Group (Note 24).

22. TRADE AND OTHER PAYABLES

	2023 **HK$'000**	2022 HK$'000
Trade payables (Note)	**243,897**	81,802
Retention payables	**55,102**	44,461
Other payables, accruals and deposits received	**14,761**	12,562
	313,760	138,825

Note: The credit period granted by suppliers and contractors is normally 30 to 60 days.

The ageing analysis of trade payables, based on invoice date, as of the end of reporting period, is as follows:

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**150,759**	34,836
31–60 days	**49,031**	18,108
61–90 days	**24,651**	6,906
91–180 days	**10,685**	8,602
181–365 days	**1,158**	6,359
Over 365 days	**7,613**	6,991
	243,897	81,802

As at 31 March 2023, included in trade payables was an amount of approximately HK$20,431,700 (2022: HK$9,156,000) due to an associate which is repayable on credit term similar to those offered to the suppliers of the Group.

As at 31 March 2023, retention payables of HK$39,349,000 (2022: HK$28,215,000) were expected to be settled beyond twelve months after the end of the reporting period.

Other payables, accruals and deposits received mainly represented accruals for daily operating expenses including accrued salaries and professional fees.

23. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 **HK$'000**	2022 HK$'000
At beginning of year	**1,730**	3,762
Additions	**3,601**	–
Interest expense	**230**	191
Lease payments	**(2,104)**	(2,223)
At end of year	**3,457**	1,730

Future lease payments are due as follows:

As at 31 March 2023	**Minimum lease payments HK$'000**	**Interest HK$'000**	**Present value HK$'000**
Not later than one year	**2,016**	**285**	**1,731**
Later than one year and not later than two years	**1,230**	**135**	**1,095**
Later than two years and not later than five years	**651**	**20**	**631**
	3,897	**440**	**3,457**

As at 31 March 2022	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	1,321	52	1,269
Later than one year and not later than two years	468	7	461
	1,789	59	1,730

23. LEASE LIABILITIES (CONTINUED)

The present value of future lease payments are analysed as:

	2023 **HK$'000**	2022 HK$'000
Current liabilities	**1,731**	1,269
Non-current liabilities	**1,726**	461
	3,457	1,730
Aggregate undiscounted commitments for short-term leases	**409**	49

24. BANK BORROWINGS, SECURED

	2023 **HK$'000**	2022 HK$'000
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause or repayable within one year (Note (a))		
— Bank loans due for repayment within one year	**134,896**	66,382
— Bank loans due for repayment after one year (Note (b))	**1,938**	2,090
	136,834	68,472

Notes:

(a) Bank loans are interest-bearing at floating rates. The interest rates of the Group's bank loans as at 31 March 2023 granted under banking facilities ranged from 2.20% to 7.19% (2022: 2.06% to 3.06%) per annum.

(b) The current liabilities as at 31 March 2023 and 2022 include such bank loans that are not scheduled to be repaid within one year after the end of the reporting periods. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.

(c) As at 31 March 2023 and 2022, the banking facilities of the Group were secured by certain trade receivables (Note 19), certain right-of-use assets of the Group (Note 15), pledged bank deposits (Note 21) and corporate guarantee of the Company.

24. BANK BORROWINGS, SECURED (CONTINUED)

As at 31 March 2023 and 2022, the Group's bank borrowings were scheduled to be repaid as of the end of reporting period as follows:

	2023 **HK$'000**	2022 HK$'000
On demand or within one year	**134,896**	66,382
More than one year, but not exceeding two years	**159**	159
More than two years, but not exceeding five years	**508**	503
More than five years	**1,271**	1,428
	136,834	68,472

Note: The amounts due are based on the scheduled repayment dates in the loan agreements and no effect of any repayment on demand clause is taken into account.

25. SHARE CAPITAL

The share capital as at 31 March 2023 and 2022 represented the issued share capital of the Company as detailed below:

	Number	**HK$'000**
Ordinary shares of HK$0.01 each		
Authorised		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,013,000,000	10,130

26. SHARE OPTION SCHEME

On 10 March 2016, the Company adopted a share option scheme (the "Scheme"). The Board of the Company may, at its discretion, invite any eligible persons who have made contributions to the Group to take up share options. The terms of the Scheme are in accordance with the provisions of the Listing Rules.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of all the shares in issue as at 29 March 2016 (i.e. a total of 100,000,000 shares). Moreover, the total number of shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Scheme, shall not exceed 1% of the shares in issue in any 12-month period up to the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

The Board may, at its discretion, set a minimum period for which an option must be held before it can be exercised. Participant under the Scheme shall exercise the granted share options within a period the Board may determine, which shall not exceed ten years from the date of grant.

On 21 November 2017, 32,500,000 share options were granted with a vesting period of 1 year upon date of grant. As at 31 March 2023 and 2022, the Company had 32,500,000 share options outstanding under the Scheme. The exercisable period is from 21 November 2018 to 20 November 2027.

All outstanding share options are exercisable with exercise price of HK$0.40. The remaining contractual life of all outstanding share options was 4.6 years (2022: 5.6 years).

No share options were granted nor exercised during the years ended 31 March 2023 and 2022.

27. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of reserves between the beginning and the end of the year are set out below:

	Share premium HK$'000	**Share option reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2021	78,435	5,060	1,130	84,625
Profit and total comprehensive income for the year	–	–	2,836	2,836
Dividend declared and paid (Note 13)	–	–	(3,039)	(3,039)
At 31 March 2022 and 1 April 2022	**78,435**	**5,060**	**927**	**84,422**
Profit and total comprehensive income for the year	**–**	**–**	**412**	**412**
At 31 March 2023	**78,435**	**5,060**	**1,339**	**84,834**

28. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**2023 HK$'000**	2022 HK$'000
Non-current assets			
Investments in subsidiaries		**32,676**	32,676
Financial asset at fair value through profit or loss		**23,878**	–
Deposit paid for acquisition of financial assets		**–**	2,430
Total non-current assets		**56,554**	35,106
Current assets			
Deposit and prepayment		**194**	194
Amounts due from subsidiaries		**59,708**	58,782
Bank balances and cash		**579**	580
Total current assets		**60,481**	59,556
Current liabilities			
Accruals		**145**	110
Amount due to a subsidiary		**21,926**	–
Total current liabilities		**22,071**	110
Net current assets		**38,410**	59,446
Net assets		**94,964**	94,552
Capital and reserves			
Share capital	25	**10,130**	10,130
Reserves	27	**84,834**	84,422
Total equity		**94,964**	94,552

Approved and authorised for issue by the board of directors on 23 June 2023.

Mr. Ng Choi Wah
Executive Director

Mr. Lui Yiu Wing
Executive Director

29. INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid-up capital	Effective interest attributable to the Group		Principal activities
				2023	2022	
Ching Lee Group Limited	BVI/16 November 2015/ Limited liability company	Hong Kong	500 shares of US$500	**100%**	100%	Investment holding
Ching Lee Engineering Limited	Hong Kong/27 November 1998/ Limited liability company	Hong Kong	3,700,000 shares of HK$3,700,000	**100%**	100%	Provision of construction and consultancy works and project management services in Hong Kong
Ching Lee Foundation Limited	Hong Kong/10 August 2007/ Limited liability company	Hong Kong	1,000 shares of HK$1,000	**100%**	100%	Investment holding
Ching Lee Construction Limited	Hong Kong/26 May 2003/ Limited liability company	Hong Kong	10,000 shares of HK$10,000	**100%**	100%	Property holding and provision of construction works in Hong Kong
Right Lucky Limited	Hong Kong/25 August 2005/ Limited liability company	Hong Kong	1 share of HK$1	**100%**	100%	Property holding
Ching Lee Enterprise Limited	BVI/16 March 2018/ Limited liability company	Hong Kong	1 share of US$1	**100%**	100%	Investment holding

30. RELATED PARTY TRANSACTIONS

Save for those disclosed elsewhere in these consolidated financial statements, the Group has the following significant transactions with related parties.

(a) During the year ended 31 March 2023, the Group paid subcontracting charges and secondment charge of approximately HK$45,633,000 (2022: HK$41,167,000) and HK$Nil (2022: HK$438,000) respectively to New Bright, an associate of the Group.

(b) During the year ended 31 March 2023, the Group rented certain car parks from a director in the aggregate amount of HK$192,000 (2022: HK$192,000). The directors are of the opinion that the rent was determined with reference to market price.

(c) Compensation of key management personnel

Remuneration of key management personnel, who are executive directors of the Company, during the years were disclosed in Note 12.

31. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued in favour of the customers of certain construction contracts. Details of these guarantees as of the end of the reporting periods are as follows:

	2023 **HK$'000**	2022 HK$'000
Aggregate value of the surety bonds issued in favour of customers	**152,326**	58,665

The directors are of the opinion that it is not probable that the insurance companies would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made as at 31 March 2023 and 2022.

As at 31 March 2023 and 2022, the Group's surety bonds were secured by the Company's corporate guarantee.

32. LITIGATION

Lawsuits and claims arising from the normal course of business were lodged against the Group mostly relating to work-related injury claims from staff of subcontractors which remain outstanding as of the end of reporting period. In the opinion of the directors, sufficient insurance coverage is maintained to cover the losses, if any, arising from most of these lawsuits and claims, or based on opinion from legal counsel, it is difficult at this stage to estimate the possible outflow of economic benefits for certain lawsuits or has meritable and arguable case to defeat the plaintiff's claims, and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the consolidated financial position of the Group or no provision should be made.

33. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$3,601,000 (2022: HK$Nil) and HK$3,601,000 (2022: HK$Nil) respectively in respect of leasing arrangements for leased buildings.

Included in other payable was an amount of approximately HK$1,854,000 due to an investee of which the Group owns 3.5% equity interest and be classified as financial assets at FVTPL as at 31 March 2022. During the year, the investee declared dividend of HK$4,655,000 and the Group received dividend payment by way of settlement of such payable of approximately HK$1,854,000. After cash received from the investee of approximately HK$2,074,000 during the year as presented in the consolidated statement of cash flows, the Group has a dividend receivable of approximately HK$727,000 from the investee as at 31 March 2023 (Note 19).

(b) Reconciliation of liabilities arising from financing activities

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

	Bank borrowings (Note 24) HK$'000	Lease liabilities (Note 23) HK$'000
At 1 April 2022	68,472	1,730
Changes from financing cash flows:		
Proceeds from new bank borrowings	363,819	–
Repayments of bank borrowings	(295,457)	–
Interest paid on bank borrowings	(6,103)	–
Lease payments	–	(2,104)
Total changes from financing cash flows	62,259	(2,104)
Other charges:		
Additions	–	3,601
Interest expenses	6,103	230
Total other changes	6,103	3,831
At 31 March 2023	136,834	3,457

33. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Bank borrowings (Note 24) HK$'000	Lease liabilities (Note 23) HK$'000	Dividend (Note 13) HK$'000
At 1 April 2021	89,531	3,762	–
Changes from financing cash flows:			
Proceeds from new bank borrowings	350,963	–	–
Repayments of bank borrowings	(372,022)	–	–
Interest paid on bank borrowings	(3,149)	–	–
Lease payments	–	(2,223)	–
Dividend paid	–	–	(3,039)
Total changes from financing cash flows	(24,208)	(2,223)	(3,039)
Other charges:			
Interest expenses	3,149	191	–
Dividend declared	–	–	3,039
Total other changes	3,149	191	3,039
At 31 March 2022	68,472	1,730	–

34. CAPITAL COMMITMENT

As at 31 March 2023 and 2022, the Group did not have any significant capital commitment.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities:

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at amortised costs		
— Trade and other receivables	**69,884**	37,975
— Pledged bank deposits	**25,000**	25,211
— Bank balances and cash	**57,000**	27,255
— Amount due from an associate	**6,404**	6,398
Financial assets at FVTPL	**26,771**	9,197
Financial liabilities		
Financial liabilities at amortised costs		
— Trade and other payables	**313,760**	138,825
— Bank borrowings, secured	**136,834**	68,472
Lease liabilities	**3,457**	1,730

(a) Financial instruments not measured at fair value

The financial instruments are not measured at fair value due to their short term nature, the carrying values of such financial instruments approximate their fair values.

(b) Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

— Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

— Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

(b) Financial instruments measured at fair value (Continued)

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Notes	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
As at 31 March 2023					
Financial assets at FVTPL					
Unlisted equity investments	(i)	**–**	**–**	**26,403**	**26,403**
Renewed Put Option	(ii)	**–**	**–**	**368**	**368**
		–	**–**	**26,771**	**26,771**

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2022					
Financial assets at FVTPL					
Unlisted equity investment	(i)	–	–	8,211	8,211
Renewed Put Option	(ii)	–	–	986	986
		–	–	9,197	9,197

There were no transfers between levels during the year.

The movements in fair measurements within Level 3 during the year are set out in Note 18.

There were no changes in valuation techniques during the year.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

(b) Financial instruments measured at fair value (Continued)

The information about Level 3 fair value measurements are as follows:

Financial assets	Fair value 2023 HK$'000	Fair value 2022 HK$'000	Valuation technique(s)	Significant unobservable inputs to fair value	Sensitivity
(i) Unlisted equity investments					
– 3.5% equity interest in an unlisted private limited company	**2,525**	8,211	Cost Approach	HK$ per square foot of ranging from HK$19,300 to HK$44,000 (2022: from HK$18,300 to HK$52,600)	If the HK$ per square foot is 1% higher/lower, while all other variables were held constant, the fair value would increase by HK$29,000 and decrease by HK$29,000 (2022: increase by HK$59,000 and decrease by HK$59,000) respectively.
– 20% equity interest in the Project Company	**23,878**	N/A	Cost Approach	HK$ per square foot of ranging from HK$19,000 to HK$38,000 (2022: N/A)	If the HK$ per square foot is 1% higher/lower, while all other variables were held constant, the fair value would increase by HK$400,000 and decrease by HK$600,000 respectively (2022: N/A).
(ii) Renewed Put Option	**368**	986	Binomial Option Pricing Model	Volatility of 57.20% (2022: 54.54%)	If the volatility is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$33,000 and decrease by HK$34,000 (2022: increase by HK$77,000 and decrease by HK$79,000) respectively.
				Equity value of HK$12,047,000 (2022: HK$12,084,000)	If the equity value is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$69,000 and increase by HK$80,000 (2022: decrease by HK$105,000 and increase by HK$113,000) respectively.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

The Group's credit risk is primarily attributable to its trade and other receivables, contract assets, amount due from an associate, pledged bank deposits and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

In respect of bank balances and pledged bank deposits, the credit risk is limited because majority of the deposits are placed with reputable banks and financial institutions.

In respect of trade and other receivables, it is the Group's policy to only deal with creditworthy counterparties. In order to minimise credit risk, management has formulated a credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from the counterparties.

As at 31 March 2023, the Group has concentration of credit risk as the top five trade debtors accounted for approximately 97% (2022: 100%) of the trade receivables. In addition to the ECL assessment performed, in view of their good payment records and long established relationships with the Group, management does not consider the Group's credit risk with the top five trade debtors to be significant.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment under ECLs model

The Group recognises loss allowance for ECLs on debt instruments carried at amortised cost and contract assets. The Group applies simplified approach to measure ECLs on trade receivables and contract assets; and general approach to measure ECLs on other receivables, amount due from an associate, pledged bank deposits and bank balances. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECLs. Under the general approach, the Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

— Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

— Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

— Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

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

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

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

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment under ECLs model (Continued)

The measurement of ECLs 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 of default. The assessment of the probability of default and loss given default is based on historical data such as actual loss experience over the past 3 years and adjusted for forward-looking information through the use of industry trend and experienced credit judgement to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision made against the gross amount of trade receivables is as follows:

At 31 March 2023	ECL rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.45	39,097	176
0–60 days past due	0.47	25,975	121
61–90 days past due	N/A	–	–
91–180 days past due	N/A	–	–
181–365 days past due	N/A	–	–
Over 365 days past due	100.00	350	350
		65,422	647

At 31 March 2022	ECL rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.89	11,973	107
0–60 days past due	0.92	4,991	46
61–90 days past due	N/A	–	–
91–180 days past due	3.08	130	4
181–365 days past due	3.79	9,517	361
Over 365 days past due	100.00	350	350
		26,961	868

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment under ECLs model (Continued)

The provision made against the gross amount of contract assets is as follows:

	ECL rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
At 31 March 2023	**0.46**	**324,492**	**1,481**
At 31 March 2022	0.90	143,556	1,299

The movements in the expected credit loss in respect of trade receivables and contract assets are as follows:

	Trade receivables HK$'000	Contract assets HK$'000	Total HK$'000
Balance as at 1 April 2021	–	445	445
Expected credit loss recognised during the year	868	854	1,722
Balance as at 31 March 2022 and 1 April 2022	**868**	**1,299**	**2,167**
Expected credit loss recognised during the year	**296**	**182**	**478**
Written-off during the year	**(517)**	**–**	**(517)**
Balance as at 31 March 2023	**647**	**1,481**	**2,128**

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and amount due from an associate based on historical settlement records and past experience as well as ECL assessment, including the quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 31 March 2023, included in other receivables was an amount of HK$3,483,000 (2022: HK$3,483,000) representing advanced payments to a subcontractor of the Group. The directors identified that the debtor is in financial difficulty and determined that the amount is credit-impaired. Accordingly, as at 31 March 2023, the accumulated lifetime expected credit loss of HK$3,483,000 (2022: HK$3,483,000) was recognised under Stage 3 of ECLs model. Save as disclosed above, the Group has considered that credit risk on other receivables and amount due from an associate has not increased significantly since initial recognition and has assessed the ECL rate under 12-month ECLs method based on the Group's assessment in the risk of default of the respective counterparties.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment under ECLs model (Continued)

The gross carrying amount of other receivables and amount due from an associate by stage are as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2023				
Other receivables	**3,797**	**1,468**	**4,568**	**9,833**
Amount due from an associate	**6,639**	**–**	**–**	**6,639**
At 31 March 2022				
Other receivables	9,384	2,623	3,869	15,876
Amount due from an associate	6,488	–	–	6,488

The movements in provision for impairment of other receivables (Note 19) are as follows:

	12-month ECLs Stage 1	Lifetime ECLs, non-credit impaired Stage 2	Lifetime ECLs, credit impaired Stage 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2021	134	–	3,483	3,617
Transfer to Stage 2	(90)	90	–	–
Transfer to Stage 3	(9)	–	9	–
Impairment losses recognised	22	10	345	377
At 31 March 2022 and 1 April 2022	**57**	**100**	**3,837**	**3,994**
Transfer to Stage 3	**–**	**(30)**	**30**	**–**
Impairment losses recognised/ (reversed)	**47**	**(18)**	**701**	**730**
At 31 March 2023	**104**	**52**	**4,568**	**4,724**

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment under ECLs model (Continued)

The movements in provision for impairment of amount due from an associate (Note 17) are as follows:

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Total HK$'000
At 1 April 2021	306	–	–	306
Impairment losses reversed	(216)	–	–	(216)
At 31 March 2022 and 1 April 2022	**90**	**–**	**–**	**90**
Impairment losses recognised	**145**	**–**	**–**	**145**
At 31 March 2023	**235**	**–**	**–**	**235**

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank borrowings. Borrowings arranged at variable rates expose the Group to cash flow interest rate risk.

All of the Group's bank borrowings as at 31 March 2023 and 2022 bore interest at floating rates. Details of bank loans are disclosed in Note 24.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(b) Interest rate risk (Continued)

Sensitivity analysis

The following sensitivity analysis demonstrates the Group's exposure to a reasonable possible change in interest rates on its floating-rate bank borrowings with all other variables held constant at the end of each of the reporting periods (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	Increase/(decrease) (2022: (increase)/decrease) in profit (2022: loss) for the year and increase/(decrease) (2022: increase/(decrease)) in retained profits	
	2023	2022
	HK$'000	HK$'000
Changes in interest rate		
+1%	**(1,368)**	(685)
-1%	**1,368**	685

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the bank borrowings outstanding at the end of each of the reporting periods resembles that of the corresponding financial years. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group for years and is considered to have been effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including bank loans with repayment on demand clause, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank borrowings which contain repayment on demand clause which can be exercised at bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**
At 31 March 2023					
Trade and other payables	**313,760**	**313,760**	**313,760**	**–**	**–**
Bank borrowings subject to repayment on demand clause	**136,834**	**136,834**	**136,834**	**–**	**–**
Lease liabilities	**3,457**	**3,897**	**2,016**	**1,230**	**651**
	454,051	**454,491**	**452,610**	**1,230**	**651**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
At 31 March 2022				
Trade and other payables	138,825	138,825	138,825	–
Bank borrowings subject to repayment on demand clause	68,472	68,472	68,472	–
Lease liabilities	1,730	1,789	1,321	468
	209,027	209,086	208,618	468

The following tables summarise the maturity analysis of the Group's bank borrowings with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time banding in the maturity analysis contained above. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

36. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Bank borrowings subject to repayment on demand clause						
As at 31 March 2023	**136,834**	**137,968**	**135,699**	**216**	**649**	**1,404**
As at 31 March 2022	68,472	69,022	66,622	209	627	1,564

(d) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group monitors capital using gearing ratio, which is total debts to equity. Total debts include bank borrowings and lease liabilities. Equity represents total equity of the Group.

The directors of the Company actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sells assets to reduce debts.

The gearing ratios as at the end of reporting period were as follows:

	2023 HK$'000	2022 HK$'000
Bank borrowings, secured	**136,834**	68,472
Lease liabilities	**3,457**	1,730
Total debts	**140,291**	70,202
Total equity	**116,554**	104,736
Gearing ratio	**120%**	67%

37. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting date.

Financial Summary

RESULTS

	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Revenue	**708,782**	536,502	908,809	993,335	843,659
Profit/(loss) before income tax	**14,558**	(20,823)	12,806	14,616	15,229
Income tax	**(2,740)**	2,662	(1,268)	(2,446)	(4,203)
Profit/(loss) and total comprehensive income for the year	**11,818**	(18,161)	11,538	12,170	11,026

ASSETS AND LIABILITIES

	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Total assets	**582,411**	321,799	423,893	521,382	442,391
Total liabilities	**(465,857)**	(217,063)	(297,957)	(400,399)	(330,539)
Net assets	**116,554**	104,736	125,936	120,983	111,852