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## **WING CHI HOLDINGS LIMITED**

### **榮智控股有限公司**

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

**(Stock Code: 6080)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024**

The board of directors (the “**Board**”) of Wing Chi Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 as follows:

### **FINANCIAL HIGHLIGHTS**

1. Revenue was approximately HK\$671.9 million for the year ended 31 March 2024, representing an increase of approximately 25.1% as compared with the revenue of approximately HK\$537.3 million for the year ended 31 March 2023.
2. Gross profit was approximately HK\$41.3 million for the year ended 31 March 2024, as compared to the gross profit of approximately HK\$43.3 million for the year ended 31 March 2023.
3. Gross profit margin for the year ended 31 March 2024 was approximately 6.1%, as compared to the gross profit margin of approximately 8.1% for the year ended 31 March 2023.
4. Profit attributable to owners of the Company was approximately HK\$3.7 million for the year ended 31 March 2024 as compared to profit attributable to owners of the Company of approximately HK\$9.8 million for the year ended 31 March 2023. The decrease in net profit attributable to owners of the Company was mainly attributable to (i) the absence of a subsidy from the Employment Support Scheme which is funded by the Hong Kong Special Administrative Region Government (“**HKSAR Government**”) during the year ended 31 March 2024 (receipt of subsidy from the Employment Support Scheme during the year ended 31 March 2023: approximately HK\$6.0 million) and (ii) severe competition in the foundation and site formation market which leads to the decrease in the gross profit margin during the year ended 31 March 2024.
5. Profit per share amounted to approximately HK\$0.4 cents for the year ended 31 March 2024, as compared to the profit per share amounted to approximately HK\$1.1 cents for the year ended 31 March 2023.
6. The Board does not recommend the payment of final dividend for the year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Revenue	3	<b>671,910</b>	537,299
Cost of sales		<u><b>(630,591)</b></u>	<u>(493,976)</u>
Gross profit		<b>41,319</b>	43,323
Other income and gains	4	<b>1,680</b>	6,606
Administrative expenses		<b>(36,297)</b>	(39,264)
Finance costs	5	<u><b>(815)</b></u>	<u>(1,401)</u>
Profit before taxation		<b>5,887</b>	9,264
Income tax (expense) credit	6	<u><b>(2,188)</b></u>	<u>559</u>
Profit for the year	7	<u><b>3,699</b></u>	<u>9,823</u>
Earnings per share:			
Basic and diluted	9	<u><b>0.4 cents</b></u>	<u>1.1 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Plant and equipment		<b>44,473</b>	24,214
Right-of-use assets		<b>19,392</b>	26,310
Deposits paid for acquisition of plant and equipment		<b>3,051</b>	–
		<u><b>66,916</b></u>	<u>50,524</u>
<b>Current assets</b>			
Contract assets	10	<b>205,862</b>	107,632
Trade and other receivables	11	<b>26,055</b>	30,366
Tax recoverable		<b>11</b>	137
Bank balances		<b>45,630</b>	45,584
		<u><b>277,558</b></u>	<u>183,719</u>
<b>Current liabilities</b>			
Trade and other payables	12	<b>182,383</b>	82,651
Lease liabilities		<b>7,922</b>	9,499
Bank borrowings		<b>12,160</b>	–
		<u><b>202,465</b></u>	<u>92,150</u>
<b>Net current assets</b>		<u><b>75,093</b></u>	<u>91,569</u>
<b>Total assets less current liabilities</b>		<u><b>142,009</b></u>	<u>142,093</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>6,271</b>	4,096
Lease liabilities		<b>4,913</b>	10,871
		<u><b>11,184</b></u>	<u>14,967</u>
<b>Net assets</b>		<u><b>130,825</b></u>	<u>127,126</u>
<b>Capital and reserves</b>			
Share capital	13	<b>9,338</b>	9,338
Reserves		<b>121,487</b>	117,788
		<u><b>130,825</b></u>	<u>127,126</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

Wing Chi Holdings Limited (“**the Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 13 March 2017. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate holding company and immediate holding company is Colourfield Global Limited, a limited company incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Li Cheuk Kam (the “**Controlling Shareholder**”). The addresses of the registered office and principal place of business of the Company are 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and Room 3010, 30/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company is an investment holding company, while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machineries leasing.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”).

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of new and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

### *Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies*

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of the Group's significant accounting policies.

*Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates*

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

*Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

**Amendments to HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

*Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 –Non-current Liabilities with Covenants*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the “**2020 Amendments**”) clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity’s right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity’s own equity instruments.

Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the “**2022 Amendments**”) further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

The 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 twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the amendments will not result in change in the classification of the Group’s liabilities.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of foundation and site formation works and machineries leasing for the year. An analysis of the Group's revenue for the year is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
– Provision of foundation and site formation works	<b>651,183</b>	523,883
Revenue from other sources		
– Rental income from machineries leasing	<u>20,727</u>	<u>13,416</u>
	<b><u>671,910</u></b>	<b><u>537,299</u></b>

Disaggregation of revenue from contracts with customers by timing of recognition:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Timing of revenue recognition from contracts with customers</b>		
Over time	<b><u>651,183</u></b>	<b><u>523,883</u></b>

#### **Transaction price allocated to the remaining performance obligations for contracts with customers**

As at 31 March 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$592,254,000 (2023: HK\$482,610,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 1 to 16 months (2023: 1 to 10 months).

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activity is attributable to a single operating segment focusing on the provision of foundation and site formation works and machineries leasing. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of foundation and site formation works and machineries leasing for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

### 3. REVENUE AND SEGMENT INFORMATION (*CONTINUED*)

#### Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

#### Information about major customers

Revenues from external customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	360,254	67,363
Customer B	115,234	145,039
Customer C	74,682	100,162
Customer D	N/A*	74,030
Customer E	N/A*	65,187

\* The corresponding revenue did not contribute over 10% of total revenue of the Group.

### 4. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	98	–
Gain on disposal of plant and equipment	334	–
Gain on early termination of lease agreement	19	–
Impairment loss reversed on trade receivables	103	–
Impairment loss reversed on contract assets	1,094	–
Government grants ( <i>Note</i> )	–	6,465
Sundry income	32	141
	<u>1,680</u>	<u>6,606</u>

*Note:*

During the year ended 31 March 2023, approximately HK\$6,000,000 (2024: nil) were cash subsidies from the Employment Support Scheme (“**ESS**”) under Anti-epidemic Fund granted by the Government of Hong Kong Special Administrative Region (the “**Government**”) respectively as part of the relief measures on COVID-19 pandemic, approximately HK\$448,000 (2024: nil) were cash subsidies from the Ex-gratia Payment Scheme for Phasing Out Euro IV Diesel Commercial Vehicles granted by the Government to phase out Euro IV diesel commercial vehicles, while approximately HK\$17,000 (2024: nil) were cash subsidies from the Reimbursement of Maternity Leave Pay Scheme granted by the Government to reimburse maternity leave pay. The Group had complied with all attached conditions during the year ended 31 March 2023 and recognised the amounts in profit or loss in “other income and gains”.



## 5. FINANCE COSTS

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on:		
– bank borrowings	–	9
– lease liabilities	<b>815</b>	1,392
	<u>815</u>	<u>1,392</u>
	<b>815</b>	1,401
	<u><b>815</b></u>	<u>1,401</u>

## 6. INCOME TAX EXPENSE (CREDIT)

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current year taxation		
Hong Kong Profits Tax	<b>13</b>	6
Deferred taxation	<b>2,175</b>	(565)
	<u>2,175</u>	<u>(565)</u>
	<b>2,188</b>	(559)
	<u><b>2,188</b></u>	<u>(559)</u>

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI for the year ended 31 March 2024 (2023: nil).

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 March 2024 and 2023, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

## 7. PROFIT FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	4,208	4,590
Staff costs (excluding directors' and chief executive's emoluments)		
– Salaries, wages, allowances and other benefits	182,481	161,802
– Contributions to retirement benefits scheme	4,972	4,489
Total staff costs	<u>187,453</u>	<u>166,291</u>
Impairment loss recognised on trade receivables	–	88
Impairment loss recognised on contract assets	–	1,946
Auditor's remuneration	880	880
Depreciation of plant and equipment	10,943	13,081
Depreciation of right-of-use assets	7,051	7,239
Loss on disposal of plant and equipment	–	513
Loss on written off of plant and equipment	–	10

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 9. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings:		
– Profit for the year attributable to the owners of the Company	<u>3,699</u>	<u>9,823</u>
	2024	2023
Number of shares		
– Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>933,750,000</u>	<u>933,750,000</u>

### Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2024 and 2023.

## 10. CONTRACT ASSETS

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Analysed as current:		
Unbilled revenue of construction contracts	<b>156,912</b>	65,739
Loss allowance	<b>(116)</b>	(469)
	<u><b>156,796</b></u>	<u>65,270</u>
Retention receivables of construction contracts	<b>51,182</b>	45,219
Loss allowance	<b>(2,116)</b>	(2,857)
	<u><b>49,066</b></u>	<u>42,362</u>
Total contract assets	<u><b>205,862</b></u>	<u>107,632</u>

As at 1 April 2022, contract assets amounted to HK\$111,819,000.

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

## 11. TRADE AND OTHER RECEIVABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables ( <i>Note</i> )	<b>19,582</b>	26,658
Loss allowance	<b>(551)</b>	(654)
	<u><b>19,031</b></u>	<u>26,004</u>
Other receivables	<b>5,364</b>	2,709
Prepayments and deposits	<b>1,660</b>	1,653
	<u><b>26,055</b></u>	<u>30,366</u>

*Note:*

As at 31 March 2024, gross amount of approximately HK\$10,500,000 (2023: HK\$22,220,000) included in the trade receivables arose from the provision of foundation and site formation works in accordance with HKFRS 15.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 15 to 75 days to its trade customers. The following is an aged analysis of trade receivables, net of accumulated loss allowance, presented based on the certified date which approximates the respective revenue recognition dates and invoice dates at the end of the reporting period:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	<b>18,309</b>	24,676
31 to 60 days	<b>301</b>	–
61 to 180 days	<b>421</b>	20
181 to 365 days	–	1,308
	<u><b>19,031</b></u>	<u>26,004</u>

## 12. TRADE AND OTHER PAYABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<b>144,336</b>	53,370
Retention payables	<b>11,571</b>	10,288
Payables for acquisition of machineries	<b>6,240</b>	–
Accrued expenses and other payables	<u><b>20,236</b></u>	<u>18,993</u>
	<u><b>182,383</b></u>	<u>82,651</u>

The following is the aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	<u><b>144,336</b></u>	<u>53,370</u>

### 13. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	2024	2023
			HK\$'000	HK\$'000
Ordinary shares of HK\$0.01 each				
<b>Authorised</b>				
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<b><u>2,000,000,000</u></b>	<u>2,000,000,000</u>	<b><u>20,000</u></b>	<u>20,000</u>
<b>Issued and fully paid</b>				
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<b><u>933,750,000</u></b>	<u>933,750,000</u>	<b><u>9,338</u></b>	<u>9,338</u>

*Note:*

All shares issued rank pari passu with all the existing shares in all respects.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board is pleased to present the consolidated annual results of the Group for the year ended 31 March 2024 together with the corresponding year ended 31 March 2023.

### **BUSINESS REVIEW AND OUTLOOK**

The Company is an investment holding company. The principal activities of its subsidiaries include foundation and site formation works for both the public and the private sectors in Hong Kong. The foundation and site formation works provided by the Group can be broadly classified as (i) excavation and lateral support (“**ELS**”) works and (ii) pile caps construction and site formation works for both public and private sector projects. To a lesser extent, the Group also leased some of its machineries.

Apart from acting as a subcontractor in foundation and site formation works, the Group has actively sought to enlarge its scope of work in the construction industry. The Group not only focuses in acting as a subcontractor but also aims to act as a foundation main contractor in the future. The Group’s principal operating subsidiary, Lik Shing Engineering Company Limited, has registered under the Construction Industry Council as a registered subcontractor since May 2008. Lik Shing Engineering Company Limited has also registered under the Buildings Department as a registered specialist contractor in the foundation works category and site formation works category since December 2019 and July 2021 respectively. The Development Bureau of the HKSAR Government has approved the admission of Lik Shing Engineering Company Limited to Group B (Probation) under the “Roads and Drainage” category of the List of Approved Contractors for Public Works effective from January 2024.

During the year ended 31 March 2024, the Hong Kong economy still facing challenges. The HKSAR Government is expected to continue to invest in infrastructure and housing to boost the economy which increases the potential development opportunities in the construction industry.

The Directors opined that there are uncertainty in the Hong Kong economy and the severe competition in the foundation and site formation market will continue to affect the development of the Group. The Group will continue to try its best to implement tight cost control measures on the existing projects, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management. The Group will also continue to actively devote its efforts to ensure the health and safety of its employees.

## **FINANCIAL REVIEW**

During the year ended 31 March 2024, the Group had been awarded 36 new contracts, with an aggregate original contract sum of approximately HK\$731.5 million and had completed 27 projects with an aggregate original contract sum of approximately HK\$596.9 million. As at 31 March 2024, the Group had 38 projects on hand which include projects in progress as well as projects that have been awarded to us but not yet commenced. As at 31 March 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$592.3 million (2023: approximately HK\$482.6 million). This amount represents the revenue from construction contracts that is expected to be recognised in the future.

### **Revenue**

The revenue from the foundation and site formation works of the Group for the year ended 31 March 2024 amounted to approximately HK\$651.2 million, representing an increase of approximately HK\$127.3 million, or 24.3% as compared to that of approximately HK\$523.9 million for the year ended 31 March 2023. Such increase was primarily due to the fact that more large size foundation and site formation works which include the construction of the Kwu Tung North Area 24, Jockey Club Road, New Territories, Hong Kong and Tung Yuen Street, Kowloon, Hong Kong, have substantial works commenced during the year ended 31 March 2024.

The revenue from machinery leasing for the year ended 31 March 2024 amounted to approximately HK\$20.7 million, representing an increase of approximately HK\$7.3 million, or 54.5% as compared to that of approximately HK\$13.4 million for the year ended 31 March 2023. This amount represents the revenue derived from the leasing of the Group's machinery to contractors and/or subcontractors under operating leases. The increase was primarily due to the fact that more revenue has been derived from machinery leasing for the project of Ka Wai Man Road, Inland lot no. 8945 at Caroline Hill Road, Hoi Fan Road and Wang Lok Street, New Territories, Hong Kong.

### **Gross Profit and Gross Profit Margin**

The gross profit of the Group for the year ended 31 March 2024 amounted to approximately HK\$41.3 million, as compared to the gross profit of approximately HK\$43.3 million for the year ended 31 March 2023. The gross profit margin of the Group during the year ended 31 March 2024 was approximately 6.1%, as compared to the gross profit margin of approximately 8.1% for the year ended 31 March 2023. The decrease in the gross profit and the gross profit margin is mainly attributable to Hong Kong's sluggish economy and the intensive competition in the construction industry.

The Group prices its services based on various factors, among others, the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group and the market environment. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

## **Other Income**

The other income of the Group for the year ended 31 March 2024 amounted to approximately HK\$1.7 million, representing a significant decrease of approximately HK\$4.9 million or 74.2% as compared to that of approximately HK\$6.6 million for the year ended 31 March 2023.

The significant decrease is primarily due to the fact that during the year ended 31 March 2023, the Company has received from the HKSAR Government (i) a subsidy of approximately HK\$6.0 million from the Employment Support Scheme (“**ESS**”) and (ii) a subsidy of approximately HK\$0.4 million under the “Ex-Gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles” upon disposal of vehicles. However, these subsidies are not available for the year ended 31 March 2024.

## **Administrative Expenses**

The administrative expenses of the Group for the year ended 31 March 2024 amounted to approximately HK\$36.3 million, representing a decrease of approximately HK\$3.0 million or 7.6% as compared to that of approximately HK\$39.3 million for the year ended 31 March 2023. The decrease in administrative expenses is primarily due to decrease of repairment and maintenance cost. During the year ended 31 March 2024, the Group continued to expand its workforces to supports its business and enhance the remuneration packages of the employees and the Directors. As a result, the major cost included in administrative expenses mainly related to salary expenses and Directors’ remuneration, depreciation expenses and entertainment expenses cost.

## **Finance Costs**

The finance costs of the Group for the year ended 31 March 2024 amounted to approximately HK\$0.8 million, representing a significant decrease of approximately HK\$0.6 million or 42.9% as compared to that of approximately HK\$1.4 million for the year ended 31 March 2023. The significant decrease was primarily due to the decrease in lease liabilities during the year ended 31 March 2024 as compared to that for the year ended 31 March 2023.

## **Income Tax (Expenses)/Credit**

The income tax expenses of the Group for the year ended 31 March 2024 amounted to approximately HK\$2.2 million, as compared to a tax credit of approximately HK\$0.6 million for the year ended 31 March 2023. The income tax expense/credit represents the net effect on the movement of deferred tax expenses and Hong Kong income tax expense. The movement was mainly due to the significant increase in provision of deferred tax expenses recognised during the year ended 31 March 2024.



## **Profit attributable to owners of the Company**

The Group reported a net profit attributable to owners of approximately HK\$3.7 million for the year ended 31 March 2024 as compared to that of approximately HK\$9.8 million for the year ended 31 March 2023. The decrease in net profit attributable to owners of the Company was mainly attributable to (i) the absence of a subsidy from the Employment Support Scheme which is funded by the HKSAR Government during the year ended 31 March 2024 (receipt of subsidy from the Employment Support Scheme during the year ended 31 March 2023: approximately HK\$6.0 million) and (ii) severe competition in the foundation and site formation market which leads to the decrease in the gross profit margin during the year ended 31 March 2024.

## **LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE**

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, and cash inflows from operating activities.

As at 31 March 2024, the Group had total assets of approximately HK\$344.5 million (2023: approximately HK\$234.2 million), of which current assets amounted to approximately HK\$277.6 million (2023: approximately HK\$183.7 million).

As at 31 March 2024, the Group had total liabilities of approximately HK\$213.6 million (2023: approximately HK\$107.1 million), of which current liabilities amounted to approximately HK\$202.5 million as at 31 March 2024 (2023: approximately HK\$92.2 million). As at 31 March 2024, the Group had total equity attributable to owners of the Company amounted to approximately HK\$130.8 million (2023: approximately HK\$127.1 million).

As at 31 March 2024, the Group had total bank balances and cash of approximately HK\$45.6 million (2023: approximately HK\$45.6 million). The movement in bank balances and cash was mainly due to utilization of funds in the Group's operation and in investing and financing activities.

As at 31 March 2024, the Group had total debts of approximately HK\$25.0 million which include lease liabilities (2023: approximately: HK\$20.4 million) denominated in Hong Kong dollars. The gearing ratio of the Group, calculated by the total debts (defined as the sum of the lease liabilities and bank borrowings) divided by the total equity is approximately 19.1% (2023: approximately 16.0%).

## **TREASURY POLICY**

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

## **PLEDGE OF ASSETS**

As at 31 March 2024, the Group's right-of-use assets with an aggregate net book value of approximately HK\$15.1 million (2023: approximately HK\$20.4 million) were pledged under finance leases. As at 31 March 2024, the Group's machineries with an aggregate net book value of approximately HK\$15.0 million (2023: nil) were pledged under bank borrowings.

## **EXPOSURE TO FOREIGN EXCHANGE RATE RISKS**

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations are settled in Hong Kong dollars, the Board is of the view that the Group's foreign exchange rate risks are insignificant.

Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2024.

## **CAPITAL EXPENDITURE**

During the year ended 31 March 2024, the Group has invested approximately HK\$31.7 million (31 March 2023: approximately HK\$18.2 million) on the acquisition of machineries and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases, bank borrowings and internal resources.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 2024, the Group had capital commitments of approximately HK\$16.5 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

Save as disclosed in this announcement, the Group had no material capital commitments or contingent liabilities.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2024 and up to the date of this announcement.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the year ended 31 March 2024, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## **SIGNIFICANT INVESTMENT HELD**

During the year ended 31 March 2024, the Group had no significant investment held.

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

As at 31 March 2024, the Group does not have other plans for material investments and capital assets.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2024, the Group employed a total of 406 employees (including Executive Directors and Independent Non-executive Directors), as compared to a total of 427 employees (including Executive Directors and Independent Non-executive Directors) as at 31 March 2023. The decrease in the number of employees was mainly due to the fact that less labour intensive work progress have been conducted as at 31 March 2024. Total staff costs which include Directors' emoluments for the year ended 31 March 2024 was approximately HK\$191.7 million (31 March 2023: approximately HK\$170.9 million). The significant increase in staff costs was mainly due to the improvement of the remuneration packages of the employees and the Directors during the year ended 31 March 2024.

The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts an annual review on salary increases, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board after recommendation from the Remuneration Committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in Appendix V to the Prospectus dated 30 September 2017 published by the Company.

During the year ended 31 March 2024, the Group has neither experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of final dividend to Shareholders of the Company for the year ended 31 March 2024.

## **FUTURE PROSPECTS**

The future prospects for the construction industry in Hong Kong remains positive. The Northern Metropolis Development Strategy and the Budget 2024-25's plans of the HKSAR Government for mega public infrastructure projects are expected to continue driving growth in the Hong Kong construction sector. The Group will continue to focus on improving cost control measures on projects, strengthening project management teams and increasing our production efficiency. Overall, the Group appears to be well-positioned to continue delivering high-quality projects and creating value for the shareholders and society. Despite uncertainties in the global economy, the Group is confident that the construction industry in Hong Kong will remain positive in the future.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own corporate governance code. To the knowledge of the Board, the Company has complied with the relevant code provisions in the CG Code during the period from 1 April 2023 to 31 March 2024 (the “**Reporting Period**”) with the exception of code provision C.2.1 as explained below.

### **Chairman and Chief Executive Officer**

The Board is headed by Mr. Li Cheuk Kam, the chairman of the Company (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”).

According to code provision C.2.1 of the CG Code, the roles of the Chairman the Chief Executive Officer should be separate and performed by different individuals. Mr. Li Cheuk Kam is both the Chairman and the Chief Executive Officer. In view of the in-depth knowledge and substantial experience of Mr. Li Cheuk Kam in the operations of the Group and his solid experience in foundation and site formation works, the Board believes it is in the best interests of the Company for Mr. Li Cheuk Kam to assume both the roles of the Chairman and the Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

The Directors consider that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, and sufficient checks and balances are in place as three Independent Non-executive Directors have been appointed, and a risk management and internal control system has been set up.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors of the Company.

Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

## **ANNUAL GENERAL MEETING (“AGM”)**

The 2024 AGM of the Company will be held on Friday, 16 August 2024. The notice of the 2024 AGM of the Company will be published and despatched to the Shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The 2024 AGM of the Company has been scheduled to be held on Friday, 16 August 2024 to determine the persons who are entitled to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 9 August 2024 to Friday, 16 August 2024 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company’s branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2024.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES**

As at 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company (the “**Audit Committee**”) consists of three members who are all Independent Non-executive Directors, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik, Lewis is the Chairman of the Audit Committee. The Company’s annual results for the year ended 31 March 2024 have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditor of the Company, SHINEWING (HK) CPA Limited (“**SHINEWING**”), and reviewed the Group’s results for the year ended 31 March 2024.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by SHINEWING on the preliminary announcement.

## **GENERAL**

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming AGM, will be despatched to the shareholders of the Company in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT**

The annual results announcement is published on the Company's website at <http://www.wingchiholdings.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The 2024 annual report of the Company for the year ended 31 March 2024 will be despatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

By Order of the Board  
**Wing Chi Holdings Limited**  
**Li Cheuk Kam**  
*Chairman*

Hong Kong, 21 June 2024

*As at the date of this announcement, the Executive Directors are Mr. Li Cheuk Kam and Ms. Chau Man Chun; and the Independent Non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik, Lewis and Mr. Lee Kwok Lun.*