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Affluent Foundation Holdings Limited **俊裕地基集團有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1757)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The board (“**Board**”) of directors (the “**Directors**”) of Affluent Foundation 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 (the “**Relevant Period**”) as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK\$199.3 million for the Relevant Period, representing a decrease of approximately 38.9% as compared with the same for the year ended 31 March 2023.
2. Gross profit was approximately HK\$4.6 million for the Relevant Period, whereas gross profit was approximately HK\$4.0 million for the year ended 31 March 2023.
3. Profit and total comprehensive income attributable to equity holders of the Company was approximately HK\$2.4 million for the Relevant Period (2023: approximately HK\$810,000).
4. Basic earnings per share amounted to approximately HK0.20 cents for the Relevant Period (2023: approximately HK0.07 cents).
5. The Board did not recommend the payment of final dividend for the Relevant Period (2023: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	3	199,344	326,492
Construction contracts costs		(194,775)	(322,505)
Gross profit		4,569	3,987
Other income	4	15,549	17,478
Administrative expenses		(21,456)	(22,328)
Reversal of expected credit loss, net		3,067	1,900
Finance costs	5	(1,486)	(824)
Profit before income tax	6	243	213
Income tax credit	7	2,179	597
Profit and total comprehensive income for the year attributable to equity holders of the Company		2,422	810
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	0.20	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		24,390	26,075
Right-of-use assets		5,177	2,128
		<u>29,567</u>	<u>28,203</u>
Current assets			
Trade and other receivables	10	104,098	74,184
Contract assets		86,549	94,561
Cash and bank balances		3,869	17,221
		<u>194,516</u>	<u>185,966</u>
Current liabilities			
Trade and other payables	11	81,702	78,815
Amount due to a director	12	9,623	12,196
Lease liabilities		3,250	1,822
Contract liabilities		6,870	1,891
Tax payable		–	1,789
		<u>101,445</u>	<u>96,513</u>
Net current assets		<u>93,071</u>	<u>89,453</u>
Total assets less current liabilities		<u>122,638</u>	<u>117,656</u>
Non-current liabilities			
Amount due to a director	12	29,483	28,124
Lease liabilities		1,916	325
Deferred tax liabilities		3,154	3,544
		<u>34,553</u>	<u>31,993</u>
Net assets		<u><u>88,085</u></u>	<u><u>85,663</u></u>
EQUITY			
Share capital		12,000	12,000
Reserves		76,085	73,663
Equity attributable to equity holders of the Company		<u><u>88,085</u></u>	<u><u>85,663</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 2 June 2017. The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business is Unit 903–905, 9/F, The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, the New Territories, Hong Kong.

The Company is an investment holding company, and its subsidiaries are principally engaged as subcontractor in the provision of services related to foundation works in Hong Kong.

As at 31 March 2024 and 2023, the Company's immediate and ultimate holding company is Oriental Castle Group Limited (“**Oriental Castle**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and owned by Mr. Chan Siu Cheong (“**Mr. Chan**”) and Ms. Chu Wai Ling (“**Ms. Chu**”). Mr. Chan, Ms. Chu and Oriental Castle are collectively referred to as the controlling shareholders of the Company.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 June 2018.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost basis. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**” or “**HKD**”), and all values are rounded to the nearest thousand (HK\$'000), except where otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS *Practice Statement 2 Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3.2 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employer’s MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the *Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022* (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “*Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong*” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19 *Employee Benefits*. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 *Employee Benefits* before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 *Employee Benefits* after the Abolition.

The directors of the Company consider that the changes in the Group’s accounting policy in the current year had no material impact on the consolidated financial statements.

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 ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

All revenue represents the contracting revenue arising from provision of services related to foundation works and is recognised over time.

The chief operating decision-maker has been identified as the executive directors of the Company. The Directors regard the Group's business of foundation works as a single operating and reportable segment and review the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	59,947	103,685
Customer B	50,782	N/A*
Customer C	33,568	186,087
Customer D	29,173	N/A*

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

The disaggregation of revenue from contracts with customers is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
By types of projects:		
Private sector projects	53,752	11,485
Public sector projects	145,592	315,007
	<u>199,344</u>	<u>326,492</u>

Performance obligations satisfied in previous periods

The following table includes revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Performance obligations satisfied in previous periods	<u>102,068</u>	<u>231,865</u>

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment, net	303	348
Government grants (<i>note (a)</i>)	–	5,588
Income from sales of construction wastes	5,527	8,199
Machinery rental and transportation income	6,112	2,681
Sundry income	3,607	662
	<u>15,549</u>	<u>17,478</u>

Note:

- (a) During the year ended 31 March 2023, the grants received from the Employment Support Scheme (“ESS”) under the COVID-19 Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”). There were neither unfulfilled conditions nor other contingencies attached to the receipts of those grants.

During the year ended 31 March 2024, the Group did not receive such government grant.

5. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance charge on lease liabilities	128	134
Effective interest in amount due to a director	1,358	690
	<u>1,486</u>	<u>824</u>

6. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
(a) Staff costs (including directors' emoluments) (<i>note (i)</i>)		
– Salaries, wages and other benefits	70,758	86,814
– Contributions to defined contribution retirement plans (<i>note (ii)</i>)	1,372	1,932
	<u>72,130</u>	<u>88,746</u>
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	4,987	11,463
– Right-of-use assets	2,408	2,006
Administrative expenses		
– Owned assets	492	856
– Right-of-use assets	455	456
	<u>8,342</u>	<u>14,781</u>
Subcontracting charges (included in direct costs)	69,303	103,620
Auditor's remuneration	750	906
Services charged paid for machinery	3,085	4,093
Short term leases	1,113	872
Net reversal of expected credit losses ("ECL") allowance on:		
– Trade and other receivables	(18)	(183)
– Contract assets	(3,049)	(1,717)
	<u>(3,049)</u>	<u>(1,717)</u>

Notes:

(i) Staff costs (including directors' emoluments)

	2024 HK\$'000	2023 HK\$'000
Direct costs	57,851	75,886
Administrative expenses	14,279	12,860
	<u>72,130</u>	<u>88,746</u>

(ii) As at 31 March 2024, the Group had no forfeited contributions under the Mandatory Provident Fund Scheme which may be used by the Group to reduce the existing levels of contributions (2023: nil).

7. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
Provision for Hong Kong Profits Tax		
– Over provision in prior years	(1,789)	–
Deferred tax	<u>(390)</u>	<u>(597)</u>
Income tax credit	<u><u>(2,179)</u></u>	<u><u>(597)</u></u>

8. DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 March 2024 (2023: nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2024	2023
Earnings		
Profit for the year attributable to equity holders of the Company (<i>in HK\$'000</i>)	<u><u>2,422</u></u>	<u><u>810</u></u>
Number of shares		
Weighted average number of ordinary shares	<u><u>1,200,000,000</u></u>	<u><u>1,200,000,000</u></u>
Basic earnings per share (<i>in HK cents</i>)	<u><u>0.20</u></u>	<u><u>0.07</u></u>

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the years ended 31 March 2024 and 2023 and therefore, diluted earnings per share equals to basic earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	26,358	14,556
Less: ECL allowance	(460)	(578)
	<u>25,898</u>	<u>13,978</u>
Other receivables and prepayments	1,391	1,931
Paid in advance to sub-contractors	68,074	49,781
Occupational injury receivables	7,867	7,860
Utility and other deposits	1,414	1,080
Less: ECL allowance	(546)	(446)
	<u>78,200</u>	<u>60,206</u>
	<u>104,098</u>	<u>74,184</u>

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	14,634	7,028
31 – 60 days	11,510	6,053
61 – 90 days	–	–
Over 90 days	214	1,475
	<u>26,358</u>	<u>14,556</u>

11. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	34,563	41,827
Retention payables	23,951	24,329
Accruals and other payables	23,188	12,659
	<u>81,702</u>	<u>78,815</u>

The ageing analysis of trade payables based on the invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	5,953	15,286
31 – 60 days	6,991	4,131
61 – 90 days	5,052	2,239
Over 90 days	16,567	20,171
	<u>34,563</u>	<u>41,827</u>

12. AMOUNT DUE TO A DIRECTOR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mr. Chan		
Carrying amount repayable (<i>Note</i>)		
Within one year	9,623	12,196
In the second year	29,483	–
In the third to fifth years	–	28,124
	<u>39,106</u>	40,320
Less:		
– Amount due within one year	<u>(9,623)</u>	<u>(12,196)</u>
Carrying amount shown under non-current liabilities	<u>29,483</u>	<u>28,124</u>

Note: As at 31 March 2024, the loan from a director amounting approximately HK\$9,623,000 (2023: HK\$12,196,000) is classified as current liabilities represented a non-trade in nature, unsecured, interest-free and repayable on demand. The remaining amount due to a director represented a non-trade in nature, unsecured, interest-free with principal amount of HK\$31,500,000 (the “**Loan**”) which is repayable by September 2025. Mr. Chan is also one of the controlling shareholders of the Company. The Loan was carried at amortised cost using the effective interest method. The effective interest rate applied was 4.62% per annum. The difference of the principal and the fair value of the Loan at initial recognition amounting to approximately HK\$4,065,000 was credited as deemed contribution from a shareholder in equity during the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a subcontractor engaged in the provision of services related to foundation works in Hong Kong including excavation and lateral support works, pile caps construction, and other services, such as demolition works, underground drainage works, earthworks and structural steelworks. To a lesser extent, the Group is also engaged in leasing of machineries to other construction companies.

The Group reported net profit of approximately HK\$2.4 million during the Relevant Period, representing an increase of approximately HK\$1.6 million for the corresponding period was mainly due to the over-provision of approximately HK\$1.8 million for Hong Kong Profits Tax in prior years.

The Group has unrecognised contract sum of more than HK\$321.8 million on hand as at 31 March 2024. The Board is cautiously optimistic and believes the Group's financial performance could keep stable and even make a greater profit in future years.

FINANCIAL REVIEW

During the Relevant Period, the Group had been awarded 9 new contracts, with an aggregate original contract sum of approximately HK\$268.0 million and had completed 4 projects with an aggregate original contract sum of approximately HK\$100.1 million.

As at 31 March 2024, the Group had 19 projects on hand (including projects in progress) with a total original contract sum of approximately HK\$1.2 billion.

Revenue

The revenue from foundation works of the Group for the Relevant Period amounted to approximately HK\$199.3 million, representing a decrease of approximately HK\$127.1 million or 38.9% as compared to approximately HK\$326.5 million for the year ended 31 March 2023. The decrease was primarily because certain sizable projects located in Kai Tak and Tseung Kwan O were completed during the Relevant Period while those sizable new projects located in Fanling and Tung Chung are only in commencement stage.

Gross profit and gross profit margin

The gross profit of the Group for the Relevant Period amounted to approximately HK\$4.6 million (gross profit margin 2.3%), representing an increase of approximately HK\$0.6 million or 14.6%, compared to approximately HK\$4.0 million (gross profit margin 1.2%) for the year ended 31 March 2023. The increase in gross profit and gross profit margin was primarily due to the following reasons:

- (a) gross profit margin of a project located in Kai Tak is rather low but it contributed major revenue in last year resulting in a big improvement of gross profit margin; and
- (b) the Group has been more selective in choosing projects with higher profit margin.

The Group prices its services based on various factors, including but not limited to 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.

Other income

The other income of the Group for the Relevant Period amounted to approximately HK\$15.5 million, representing a decrease of approximately HK\$1.9 million or 11.0% as compared to approximately HK\$17.5 million for the year ended 31 March 2023. The decrease was primarily due to no government grants received from ESS under COVID-19 Anti-epidemic Fund launched by the Hong Kong Government in Relevant Period.

Administrative expenses

The administrative expenses of the Group remained relatively stable at approximately HK\$21.5 million and HK\$22.3 million for the Relevant Period and the year ended 31 March 2023, respectively.

Reversal of expected credit loss, net

The reversal of ECL after the assessment performed for the Relevant Period amounted to approximately HK\$3.1 million, representing an increase of approximately HK\$1.2 million as compared to the reversal of ECL after the assessment performed for the year ended 31 March 2023 of approximately HK\$1.9 million, which was assessed annually.

Finance costs

The finance costs of the Group for the Relevant Period amounted to approximately HK\$1.5 million, representing an increase of approximately HK\$662,000 or 80.3% as compared to approximately HK\$824,000 for the year ended 31 March 2023. The increase was primarily due to the effective interest payable in amount due to a Director during the Relevant Period.

Profit and total comprehensive income attributable to equity holders of the Company

The Group reported profit and total comprehensive income attributable to equity holders of the Company of approximately HK\$2.4 million for the Relevant Period representing an increase of approximately HK\$1.6 million for the year ended 31 March 2023. The reasons for the increase were mainly attributable to the combined effect of reasons discussed in the paragraph headed "Business review and outlook" above.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

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

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 7 June 2018 and there has been no change in the capital structure of the Group since then.

As at 31 March 2024 and 2023, the Company's issued share capital was HK\$12 million and the number of its issued ordinary shares was 1,200,000,000 of HK\$0.01 each.

As at 31 March 2024, the Group had a total cash and cash equivalents of approximately HK\$3.9 million (2023: approximately HK\$17.2 million). The amounts of cash and cash equivalents decreased mainly due to collection of contract assets.

As at 31 March 2024, the gearing ratio of the Group, calculated by the total debts (defined as the sum of amount due to a director and lease liabilities) divided by the total equity was approximately 50.3% (2023: approximately 49.6%). The increase was primarily due to the increase of total debts of approximately HK\$1.8 million during the Relevant Period.

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.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group's business were located in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollars for the Relevant Period, the Board was of the view that the Group's foreign exchange rate risks were insignificant. Thus, the Group had not entered into any derivative contracts to hedge against the foreign exchange rate risk during the Relevant Period.

CAPITAL EXPENDITURE

During the Relevant Period, the Group invested approximately HK\$4.6 million on the acquisition of plant and machinery and furniture, fixtures and equipment. Capital expenditure was principally funded by internal resources.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group has no capital commitments (2023: nil).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group has been involved in a number of claims, litigations and potential claims against the Group, as a subcontractor, in relation to work-related injuries and non-compliances. The potential claims and litigations against the Group are insured by main contractor's insurance policy. The Directors are of the opinion that the claims and litigations are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made as at 31 March 2024 and during the Relevant Period.

EVENTS AFTER THE REPORTING PERIOD

There is no significant events occurred subsequent to 31 March 2024 and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the Relevant Period, 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 plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed a total of 113 employees (including executive Directors and independent non-executive Directors), as compared to a total of 112 employees as at 31 March 2023. Total staff costs which included the Directors' emoluments for the Relevant Period were approximately HK\$72.1 million (2023: approximately HK\$88.7 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors 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 (the “**Share Option Scheme**”) on 14 May 2018 as an incentive to Directors and eligible employees.

During the Relevant Period, the Group had not experienced any significant problems with its employees due to labour disputes nor had it experienced any difficulty in the recruitment and retention of experienced staffs.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the Relevant Period (2023: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own corporate government code. The Company has complied with the CG Code during the Relevant Period with the exception of code provision C.2.1 as explained below.

According to code provision C.2.1 of the CG Code, the roles of the chairman of the Company (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) should be separate and performed by different individuals. Mr. Chan is the Chairman and the Chief Executive Officer of the Company. In view of the in-depth knowledge and substantial experience of Mr. Chan in the operations of the Group and his solid experience in foundation works, the Board believes it is in the best interests of the Company for Mr. Chan to assume both the roles of the Chairman and the Chief Executive Officer. In order to maintain good corporate governance and fully comply with the code provision C.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of Chairman and Chief Executive Officer separately.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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.

The 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 Relevant Period and up to the date of this announcement.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 14 May 2018, and there was no outstanding share option as at 31 March 2024.

COMPETING INTERESTS

As at 31 March 2024, the Directors were not aware of any interest in a business of the Directors or any of their respective close associates (as defined in the Listing Rules) apart from the business of the Group, that competed or was likely to compete, either directly or indirectly, with the business of the Group.

ANNUAL GENERAL MEETING (“AGM”)

The AGM will be held on Tuesday, 13 August 2024. The notice of the AGM will be published and despatched to 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 AGM is scheduled to be held on Tuesday, 13 August 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 8 August 2024 to Monday, 12 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 AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 August 2024.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Relevant Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained a sufficient amount of public float for its shares as required under the Listing Rules during the Relevant Period and up to the date of this announcement.

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. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho. Mr. Ho Chi Wai is the chairman of the Audit Committee. The Company’s annual results for the Relevant Period have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements as well as the Listing Rules have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditors of the Company, Yongtuo Fuson CPA Limited (“**Yongtuo Fuson**”), and reviewed the Group’s results for the Relevant Period.

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 Relevant Period as set out in this announcement have been agreed by the Company’s external auditor, Yongtuo Fuson, to the amounts set out in the Group’s draft consolidated financial statements for the Relevant Period. The work performed by Yongtuo Fuson 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 Yongtuo Fuson on this 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 RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website at <http://www.hcho.com.hk> and the website of the Stock Exchange at www.hkexnews.hk.

The annual report of the Company for the Relevant Period 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
Affluent Foundation Holdings Limited
Chan Siu Cheong
Chairman

Hong Kong, 27 June 2024

As at the date of this announcement, the executive Directors are Mr. Chan Siu Cheong and Mr. Sin Ka Pong, and the independent non-executive Directors are Mr. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho.