



Wing Lee Development Construction Holdings Limited
榮利營造控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9639

2024
INTERIM
REPORT

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Definition and Glossary of Technical Terms

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“Company”	Wing Lee Development Construction Holdings Limited (榮利營造控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 May 2024
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Group”, “we”, “us” or “our Group”	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our present subsidiaries and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	9 October 2024, being the date on which dealings in the Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Previous Period”	the six months ended 30 September 2023
“Prospectus”	the prospectus of the Company dated 27 September 2024
“Reporting Period”	the six months ended 30 September 2024
“Share(s)”	ordinary share(s) in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares

Definition and Glossary of Technical Terms

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yiu Wang Lee (*Chairman of the Board and Chief Executive Officer*)

Mr. Yiu Wang Lung (*Deputy chairman of the Board*)

Mr. Chan Lo Man

Ms. Tse Ka Wing

Independent Non-executive Directors

Mr. Shang Hailong

Mr. Fu He

Mr. Leung Wai Hung

BOARD COMMITTEES

Audit Committee

Mr. Leung Wai Hung (*Chairperson*)

Mr. Shang Hailong

Mr. Fu He

Remuneration Committee

Mr. Shang Hailong (*Chairperson*)

Mr. Leung Wai Hung

Mr. Yiu Wang Lee

Nomination Committee

Mr. Yiu Wang Lee (*Chairperson*)

Mr. Shang Hailong

Mr. Fu He

COMPANY SECRETARY

Ms. Tse Ka Wing

AUTHORISED REPRESENTATIVES

Mr. Yiu Wang Lee

Ms. Tse Ka Wing

REGISTERED OFFICE IN THE CAYMAN ISLANDS

89 Nexus Way

Camana Bay

Grand Cayman

KY1-9009

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 3 Hoi Shing Road

Tsuen Wan

Hong Kong

WEBSITE

www.winglee.com.hk

STOCK CODE

9639

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditors

22/F, Prince's Building

Central

Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

Bank of China Tower

1 Garden Road

Hong Kong

PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited

89 Nexus Way

Camana Bay

Grand Cayman

KY1-9009

Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law:

Kwok Yih & Chan

Suite 1501, 15th Floor

Bank of America Tower

12 Harcourt Road

Central, Hong Kong

COMPLIANCE ADVISER

Alliance Capital Partners Limited

Unit 03, 7/F, Worldwide House

19 Des Voeux Road Central

Hong Kong

Financial Highlights

A summary of the results and of the assets and liabilities of the Group for the Reporting Period together with the comparative figures for the Previous Period are set out below:

	For the six months ended		Period-to- period change %
	30 September	2023	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Revenue	400,813	226,481	77
Gross profit	80,278	51,535	56
Operating profit	48,465	40,645	19
Profit before taxation	46,988	39,489	19
Profit for the period	37,541	32,895	14
Earnings per share — Basic and diluted (HK\$)	0.05	0.04	25

Management Discussion and Analysis

BUSINESS REVIEW

The Group is an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. The Group's civil engineering works specialise in site formation works and road and drainage works, and its electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, the Group specialises in design, installation and maintenance works of solar PV systems. To a lesser extent, the Group leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis.

During the Reporting Period, the Group's revenue was mainly derived from the provision of civil engineering and electrical cable engineering works.

As at 30 September 2024, the Group had 25 projects (31 March 2024: 24 projects) on hand with backlog value of approximately HK\$746.6 million (31 March 2024: approximately HK\$707.6 million).

Civil Engineering

The Group's site formation works generally include earthworks, excavation and installation of steel structures, and its road and drainage works generally include construction and modification of roads, carriageway and pavement, construction of covered walkways, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage systems, manholes, cable trenches and installation of water mains and sewerage pipes.

During the Reporting Period, (i) for site formation works, the Group was one of the subcontractors participating in the infrastructure project at the third runway of the Hong Kong International Airport (the "**Third Runway Projects**"); and (ii) for road and drainage works, the Group were the main contractor of a Government department for a village sewerage project at Mui Wo with a contract sum of approximately HK\$99.1 million.

During the Reporting Period, the Group recorded a revenue of approximately HK\$303.8 million from civil engineering works, representing an increase of approximately HK\$159.9 million or 111% from Previous Period.

The Third Runway Projects have been a main driver of our revenue which contributed revenue of approximately HK\$266.0 million, representing 87.4% of our revenue from civil engineering works. Currently, the Third Runway Projects are expected to complete by mid-2025. In May 2024, the Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling the Group to bid for tender projects as main contractors. Upon the expected completion of the Third Runway Projects in mid-2025, the Group will also be eligible to submit tenders for various maintenance and upkeep works at the Hong Kong International Airport.

Through the efforts of our dedicated management team to respond to tender invitations from customers, the Group was awarded the following tenders during the Reporting Period:

- (i) a resident development located at Sung Wong Toi with an estimated contract sum of approximately HK\$266.4 million; and
- (ii) a public facilities development at Sha Tin with an estimated contract sum of approximately HK\$42.0 million.

Electrical Cable Engineering

The Group's electrical cable engineering works generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair.

During the Reporting Period, the Group recorded a revenue of approximately HK\$80.7 million from electrical cable engineering works, representing an increase of approximately HK\$21.8 million or 37% from Previous Period. According to the industry report prepared by Frost & Sullivan, an independent market research agency as described in the section headed "Industry Overview" in the Prospectus (the "**Industry Report**"), the Group was the largest power cabling and civil pipeline installation subcontractor in Hong Kong in 2023. The Group strives to maintain its leadership in this field, and aims to continuously build up a substantial market share and solid reputation among prestigious customers.

Subsequent to the end of the Reporting Period, the Group has recently further been awarded an 8-year electrical cable engineering contract for the transmission cable trenching and laying works in Kowloon and the New Territories. Total contract sum (including all contingent and/or provisional contract amounts) is expected to be more than HK\$1 billion, subject to measurement based on the actual work done. The project is expected to be completed in the second half of 2032.

OUTLOOK

Civil Engineering

According to the Industry Report, the rollout and commencement of projects such as Kwu Tung North and Fanling North (FLN) New Development Area (NDA), Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision, Tung Chung New Town Extension in the coming few years, shall sustain demand for civil engineering works, the gross value of civil engineering works in Hong Kong is expected to increase at a compound annual growth rate ("**CAGR**") of 3.5% during 2024 to 2028. The Northern Metropolis development will have a significant impact on the civil engineering and construction sector in Hong Kong. In particular, the development of the "Northern Metropolis University Town" will require the construction of new campuses and facilities, with the government reserving more than 60 hectares of land in Hung Shui Kiu/Ha Tsuen, Ngau Tam Mei, and New Territories North New Town for this purpose.

Going forward, the Group will continue to (i) proactively monitor the projects' progress, and communicate with the suppliers and subcontractors; (ii) maintain close communication with the customers and the other representatives of the project owners on the latest project works schedules and arrangements; (iii) proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tenders and quotation invitations to expand our presence in the market; and (iv) implement effective cost control measures.

Management Discussion and Analysis

Electrical Cable Engineering

According to the Industry Report, the market size of overall electrical works is projected to further climb to HK\$26.5 billion by 2028, maintaining a CAGR of around 3.9% between 2024 and 2028. The newly awarded 8-year contract electrical cable engineering contract for the transmission cable trenching and laying works in Kowloon and the New Territories will be the main driver of the Group's revenue growth for electrical cable engineering.

The Group will continue to leverage on its competitive strengths, track record, diverse experience and expertise, as well as ability to deliver works on time to gain trust from customers and give the Group a competitive edge when extend/renew existing contracts and tendering for new projects.

The existing and newly awarded fixed-term contracts on hand are expected to ensure sustainable income and cash flow for the Group in the coming years and provide a cushion to navigate challenges arising from uncertain economic environment and increasing competition in the local construction industry.

Safety and environmental responsibilities

The Group understands that employees are the Group's most valuable asset. The Group embraces a people-oriented management philosophy, and is committed to creating a respectful, inclusive, diverse, safe and healthy work environment. The Directors believe that only in such a supportive environment can employees achieve their full potential and contribute to the continued success of the Group. The Group will continue to increase its investment in employee training, career development and the work environment to ensure that the Group can attract and retain outstanding talent, and provide employees with ample opportunities for development and broad career prospects.

The Directors are of the view that sustainable construction is the Company's corporate social responsibility and is a megatrend in the construction industry, which aims at reducing construction industry's impacts on environmental, social and economic aspects caused by the construction process. Adhering to its core mission of environmental protection, the Group integrates the concept of sustainable development into every business operation. The Group has not only taken the lead in using electric machinery and equipment, but also actively plan to introduce more new energy equipment in the future, promote the application of the Smart Site Safety System (4S), and develop the solar photovoltaic business. Going forward, the Group will continue to promote its sustainable development philosophy, improve its environmental standards with a view to achieve better environmental protection results in each project, thus creating a win-win situation for both business growth and environmental protection. The Directors are committed to setting a benchmark for environmental standards in the construction industry and creating a greener and more sustainable construction environment for Hong Kong.

Overall

The Directors are of the view that the Listing marks a significant milestone of the Company, providing a strong foundation for its business growth and development. This achievement not only enhances the Group's visibility in the market but also strengthens its capacity to pursue new opportunities. Moving forward, the Group is committed to actively pursuing opportunities to distribute renewable machinery and related components, aligning with its vision of sustainability.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$174.3 million, or 77%, from approximately HK\$226.5 million contributed by 58 projects for the Previous Period to approximately HK\$400.8 million contributed by 44 projects for the Reporting Period, which was mainly due to the increase in average contract size which contributed revenue during the Reporting Period, as compared with the Previous Period.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$28.8 million, or 56% from approximately HK\$51.5 million for the Previous Period to approximately HK\$80.3 million for the Reporting Period. Our gross profit margin decreased from approximately 22.8% for the Previous Period to approximately 20.0% for the Reporting Period. The decrease in gross profit margin was mainly attributable to the increase in the revenue contributed by the projects undertaken by us with relatively low gross profit margin as compared with the overall gross profit margin for the Previous Period.

General and administrative expenses

Our administrative expenses increased by approximately HK\$8.9 million, or approximately 77%, from approximately HK\$11.6 million for the Previous Period to approximately HK\$20.5 million for the Reporting Period. The increase was mainly attributable to the increase in donation and increase in employee benefit expenses and entertainment expenses for business expansion.

Finance costs, net

Our finance costs, net increased by approximately HK\$0.3 million, or 25%, from approximately HK\$1.2 million for the Previous Period to approximately HK\$1.5 million for the Reporting Period. Such increase is mainly due to the increase in bank borrowings to finance the increased scale of business operation and the increase in the finance lease liabilities for leasing of machineries and motor vehicles.

Income tax expense

The effective tax rate for the Reporting Period was approximately 20.1%, which was higher compared to that of 16.7% for the Previous Period. The increase in effective tax rate for the Reporting Period was mainly due to the inclusion of approximately HK\$13.2 million Listing expenses in the Reporting Period which was non-deductible for tax purposes. Excluding these one-off Listing expenses from the profit before income tax, our effective tax rate for the Reporting Period would have been approximately 15.7%.

Management Discussion and Analysis

Profit for the period

The profit for the period increased by approximately HK\$4.6 million, or approximately 14%, from approximately HK\$32.9 million for the Previous Period to approximately HK\$37.5 million for the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through retained profits, borrowings and cash inflows from operating activities.

As at 30 September 2024, the capital structure of the Group consisted of equity of approximately HK\$163.1 million (31 March 2024: HK\$155.4 million), bank borrowings of approximately HK\$33.2 million (31 March 2024: HK\$50.2 million) and lease liabilities of approximately HK\$3.1 million (31 March 2024: HK\$2.8 million). The Company's shares were listed on the Main Board of the Stock Exchange on 9 October 2024. There has been no change in the capital structure of the Company since then.

Cash position and fund available

During the Reporting Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and borrowings. As at 30 September 2024, our cash and cash equivalents were approximately HK\$32.3 million (31 March 2024: HK\$27.4 million).

As at 30 September 2024, the current ratio of the Group was approximately 1.35 times (31 March 2024: 1.46 times).

Gearing ratio

As at 30 September 2024, the Group's gearing ratio was approximately 22.3% (31 March 2024: 34.1%), calculated as the total borrowings and lease liabilities divided by the total equity as at the end of the respective periods.

Net current assets

As at 30 September 2024, the Group had net current assets of HK\$79.4 million (31 March 2024: HK\$86.1 million). There is no material change in the net current assets position during the Reporting Period.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. The Board of Directors is not aware of any liquidity issue that may cast significant doubt on the Group's ability to continue as a going concern.

PLEDGE OF ASSETS

As at 30 September 2024, machineries and motor vehicles with net book value of HK\$17.8 million (31 March 2024: HK\$71.3 million) were pledged as security for the Group's borrowings.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

The Group's capital expenditure for the Reporting Period amounted to approximately HK\$20.3 million (Previous Period: HK\$5.6 million), which was incurred due to the purchase of property and equipment.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus and the acquisition of property disclosed in Events After the Reporting Period, as at the date of this interim report, the Group did not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

Corporate Governance and Other Information

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the holders of the shares of the Company (the “**Shareholders**”) and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its own code of corporate governance. As the shares of the Company (the “**Shares**”) were not yet listed on the Stock Exchange as at 30 September 2024, the CG Code was not applicable to the Company during the Reporting Period. Since the date of listing of the shares of the Company on the Stock Exchange on 9 October 2024 (the “**Listing Date**”) and up to the date of this interim report, the Board is of the view that the Company has complied with all applicable principles and code provisions of the CG Code, except the deviation from code provision C.2.1 of the CG Code as disclosed below.

Code provision C.2.1 of the CG Code stipulates that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Yiu Wang Lee (“**Mr. Yiu**”) is the chairman of the Board and chief executive officer of the Group. Mr. Yiu is primarily responsible for the overall management, formulation of business strategies, project management and day-to-day management of the operations of the Group and is instrumental to our growth and business expansion. In view of Mr. Yiu’s extensive experience of over 26 years in the civil and electrical cable engineering industries, including his personal profile and critical role in the Group and its historical development, our Board considers that vesting the roles of chairman and chief executive officer in the same individual will provide a strong and consistent leadership which is beneficial to the management and performance of the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group and assess whether separation of the roles of chairman and chief executive officer is necessary.

The Board will continue to review its corporate governance structure and practices from time to time to ensure compliance with the CG Code and to maintain a high standard of corporate governance and shall make necessary arrangements as the Board considers appropriate.

Changes to Information of the Directors

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Director are as follows:

Ms. Tse Ka Wing has ceased her role as chief financial officer of the Company since 31 October 2024 but continue to serve as executive director and company secretary of the Company.

Save as the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Compliance with model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. As the Company’s Shares were not yet listed on the Stock Exchange as at 30 September 2024, the Model Code was not applicable to the Company during the Reporting Period.

Having made specific enquiry of all Directors, each of them has confirmed that he/she complied with the Model Code throughout the period from the Listing Date up to the date of this interim report. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company throughout the period from the Listing Date up to the date of this interim report.

Use of Proceeds from the Share Offer

With the Shares of the Company listed on the Stock Exchange on 9 October 2024, the net proceeds from the Share Offer amounted to approximately HK\$149.3 million, which will be utilised for the purposes as set out in the Prospectus. As of the date of this interim report, there was no change in the intended use of net proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. To the extent that the net proceeds are not immediately applied to the intended use and to the extent permitted by the applicable laws and regulations, the net proceeds are placed into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) or applicable laws or regulations in other jurisdictions).

Employee and Remuneration Policy

As at 30 September 2024, the Group had 381 employees (as at 31 March 2024: 344), where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We have also adopted the Share Award Scheme and the Share Option Scheme (together, the “Share Incentive Schemes”) (as defined in the Prospectus) to provide incentives or rewards to the eligible participants of the Share Incentive Schemes. The details of the Share Incentive Schemes are set out in the Prospectus. Since the adoption of the Share Incentive Schemes until the date of this interim report, no share option or Share has been granted, exercised, cancelled or expired under the Share Incentive Schemes.

During the Reporting Period, the total staff costs (including Director’s emoluments) were approximately HK\$79.6 million (for the same period in 2023: HK\$55.4 million).

Purchase, Sale or Redemption of Listed Securities

As the Shares of the Company had not yet been listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

INTERIM DIVIDEND

In September 2024, prior to the Listing, the Company declared an interim dividend of approximately HK\$30,000,000, of which approximately HK\$23,637,000 was settled by cash subsequent to the end of the Reporting Period and approximately HK\$6,363,000 was offset against the aggregate amounts due from the Directors. Other than the above, the Board does not recommend the payment of any interim dividend for the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises the three independent non-executive Directors of the Company, namely Mr. Leung Wai Hung, Mr. Shang Hailong and Mr. Fu He. Mr. Leung Wai Hung is the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the Reporting Period. The Audit Committee has also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company, and the internal control of the Group, with senior management members and the external auditor of the Company.

The unaudited interim condensed consolidated financial report of the Group for the Reporting Period has been reviewed by the Audit Committee and by the Company’s external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

On 9 October 2024, as a capitalisation issue for the Listing, the Company issued 749,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 9 October 2024, by way of capitalisation of an amount of HK\$7,499,990 to the credit of the share premium account of the Company.

On 9 October 2024, the Company issued a total of 250,000,000 shares by way of share offer at an offer price of HK\$0.73 each and successfully listed its shares on the Main Board of the Stock Exchange.

On 25 November 2024, a subsidiary of the Company entered into a preliminary sale and purchase agreement to acquire a property at a consideration of HK\$43,360,800 with a view to use that property as the Group's office premises to accommodate more staff to cope with the expansion of business of the Group. For details, please refer to the Company's announcement dated 25 November 2024.

Save as disclosed in this interim report, there were no other significant events which occurred subsequent to 30 September 2024 and up to the date of this interim report.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2024, since the Shares were not listed on the Stock Exchange, the disclosure requirements of relevant regulations in Hong Kong, including Divisions 7 and 8 of Part XV of the SFO, section 352 of the SFO, the Model Code, were not applicable to the Company, the Directors, and chief executive of the Company.

The Shares were listed on the Stock Exchange on 9 October 2024. As at the date of this interim report, the interests and short positions of the Directors and the chief executive 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 the SFO), which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/ Nature of Interest	Number of Shares Interested⁽¹⁾	Approximate percentage of shareholding interest⁽²⁾
Mr. Yiu Wang Lee ⁽³⁾	Interest in a controlled corporation	750,000,000	75%
Mr. Yiu Wang Lung ⁽³⁾	Interest in a controlled corporation	750,000,000	75%
Mr. Chan Lo Man ⁽³⁾	Interest in a controlled corporation	750,000,000	75%

Notes:

1. All interests stated are long positions in our Shares.
2. The approximate percentage of shareholding interest in the Company is calculated based on the total number of 1,000,000,000 Shares in issue as at the date of this interim report.
3. Wing Lee Green Development Limited is an investment holding company incorporated in the British Virgin Islands and is owned as to 68%, 17% and 15% by Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man, respectively. Wing Lee Green Development Limited is the direct Shareholder of our Company. On the basis that Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man hold their respective interests in our Company through Wing Lee Green Development Limited, a common investment holding company, Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man are regarded as a group of Controlling Shareholders under the Listing Rules. Accordingly, Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man are deemed to be interested in 750,000,000 Shares held by Wing Lee Green Development Limited.

Save as disclosed above, as at the date of this interim report, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

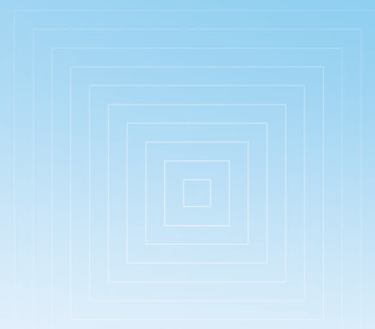
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2024, as the Shares were not listed on the Stock Exchange, the relevant regulations relating to interest or short position in the Shares and underlying Shares of the Company which are required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which are required to be entered in the register to be kept by the Company pursuant to section 336 of the SFO, were not applicable to the Company.

The Shares were listed on the Stock Exchange on 9 October 2024. As at the date of this interim report, the following persons had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Interested ⁽¹⁾	Approximate percentage of shareholding interest ⁽²⁾
Wing Lee Green Development Limited ⁽³⁾	Beneficial owner	750,000,000	75%
Mr. Yiu Wang Lee ⁽⁴⁾	Interest in a controlled corporation	750,000,000	75%
Ms. Chen Caiyun ⁽⁵⁾	Interest of spouse	750,000,000	75%
Mr. Yiu Wang Lung ⁽⁴⁾	Interest in a controlled corporation	750,000,000	75%
Ms. Liu Ying ⁽⁶⁾	Interest of spouse	750,000,000	75%
Mr. Chan Lo Man ⁽⁴⁾	Interest in a controlled corporation	750,000,000	75%
Ms. Lam Yan Ki Maggie ⁽⁷⁾	Interest of spouse	750,000,000	75%

Corporate Governance and Other Information



Notes:

1. All interests stated are long positions in our Shares.
2. The approximate percentage of shareholding interest in the Company is calculated based on the total number of 1,000,000,000 Shares in issue as at the date of this interim report.
3. Wing Lee Green Development Limited is an investment holding company incorporated in the British Virgin Islands and is owned as to 68%, 17% and 15% by Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man, respectively. Wing Lee Green Development Limited is the direct Shareholder of our Company.
4. Wing Lee Green Development Limited is owned as to 68% by Mr. Yiu Wang Lee, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan Lo Man. On the basis that Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man hold their respective interests in our Company through Wing Lee Green Development Limited, a common investment holding company, Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man are regarded as a group of Controlling Shareholders under the Listing Rules. Accordingly, Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man are deemed to be interested in 750,000,000 Shares held by Wing Lee Green Development Limited.
5. Ms. Chen Caiyun is the spouse of Mr. Yiu Wang Lee. By virtue of the SFO, Ms. Chen is deemed to be interested in all the Share(s) in which Mr. Yiu is deemed to be interested through Wing Lee Green Development Limited.
6. Ms. Liu Ying is the spouse of Mr. Yiu Wang Lung. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Share(s) in which Mr. Yiu Wang Lung is deemed to be interested through Wing Lee Green Development Limited.
7. Ms. Lam Yan Ki Maggie is the spouse of Mr. Chan Lo Man. By virtue of the SFO, Ms. Lam is deemed to be interested in all the Share(s) in which Mr. Chan is deemed to be interested through Wing Lee Green Development Limited.

Save as disclosed above, as at date of this interim report, the Directors were not aware of any interests or short positions owned by any person (other than the Directors and chief executive of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEMES

The Share Incentive Schemes of the Company were conditionally adopted and approved by the written resolutions of the then sole shareholder of the Company passed on 20 September 2024. The terms of the Share Incentive Schemes are governed by Chapter 17 of the Listing Rules. The Share Incentive Schemes comprise: (i) the Share Option Scheme, pursuant to which the Company may grant Share Options (as defined in the Prospectus); and (ii) the Share Award Scheme, pursuant to which the Company may grant Share Awards (as defined in the Prospectus).

The maximum number of Shares issuable upon exercise of the Share Options under the Share Option Scheme or vesting of any Share Awards granted under the Share Award Schemes and any grants made under any other share schemes of the Company shall not exceed 100,000,000 Shares, being 10% of the total number of Shares in issue (excluding treasury shares) as at the Listing Date, being 1,000,000,000 Shares (excluding, for this purpose, Shares issuable upon exercise of Share Options or vesting of Share Awards which have been granted but which have lapsed in accordance with the terms of the Share Incentive Schemes or any other share schemes of the Company).

The total number of Shares which may be issued pursuant to all Share Options and Share Awards to be granted to Service Provider Participants (as defined in the Prospectus) under the Share Incentive Schemes must not in aggregate exceed 10,000,000 Shares, being 1% of the total number of Shares in issue as at the Listing Date, being 1,000,000,000 Shares.

Where any grant of Share Options or Share Awards to an Eligible Participant would result in the total number of Shares issued and to be issued in respect of all Share Options or Share Awards granted (excluding any Share Options lapsed in accordance with the terms of the Share Option Scheme and Share Awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company) under the Share Incentive Schemes and any other share schemes of the Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules.

Since the date of adoption of the Share Incentive Schemes and up to the date of this interim report, no Share Option or Share Award has been granted, exercised, cancelled or lapsed, and none has been outstanding, under the Share Incentive Schemes. As at the date of this interim report, the number of Share Options available for grant under the Share Option Scheme and the number of Share Awards available for grant under the Share Award Scheme remain at 100,000,000 Shares, of which 10,000,000 Shares are available to grant to Service Provider Participants.

For the Reporting Period, no Share Option or Share Award was granted under the Share Incentive Schemes. Therefore, the number of Shares which may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period was nil.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim report is published on the Company's website (www.winglee.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

APPRECIATION

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

By order of the Board
Wing Lee Development Construction Holdings Limited
Yiu Wang Lee
Chairman and Executive Director

Hong Kong, 29 November 2024

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Wing Lee Development Construction Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 44, which comprises the interim condensed consolidated statement of financial position of Wing Lee Development Construction Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 September 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OTHER MATTER

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 March 2024. The comparative information for the interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six-month period ended 30 September 2023 has not been audited or reviewed.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 November 2024

Interim Condensed Consolidated Statement of Profit or Loss

	Note	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	6	400,813	226,481
Cost of services	8	(320,535)	(174,946)
Gross profit		80,278	51,535
General and administrative expenses	8	(20,528)	(11,577)
Reversal of impairment loss/(impairment loss) on financial assets		1,204	(1,056)
Other income	7	495	1,743
Other gains	7	172	—
Listing expenses	8	(13,156)	—
Operating profit		48,465	40,645
Finance costs, net	9	(1,477)	(1,156)
Profit before income tax	8	46,988	39,489
Income tax expenses	10	(9,447)	(6,594)
Profit for the period		37,541	32,895
Earnings per share for profit attributable to owners of the Company (HK\$ cents)			
Basic and diluted	12	0.05	0.04

The above interim condensed consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 September	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit for the period		37,541	32,895
Other comprehensive income/(loss):			
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit obligations		129	(14)
Other comprehensive income/(loss) for the period, net of tax		129	(14)
Total comprehensive income for the period		37,670	32,881

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position

	Note	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	13	91,445	85,610
Right-of-use assets	14	3,102	2,764
Intangible assets		1,620	1,620
Deposits	17	220	525
Deferred income tax assets		4,572	2,243
Total non-current assets		100,959	92,762
Current assets			
Inventories		413	469
Trade receivables	15	20,586	48,191
Contract assets	16	241,254	187,895
Deposits, prepayments and other receivables	17	12,135	9,099
Cash and cash equivalents	18	32,270	27,361
Total current assets		306,658	273,015
Total assets		407,617	365,777
LIABILITIES			
Non-current liabilities			
Borrowings	19	6,246	7,959
Lease liabilities		892	813
Deferred tax liabilities		9,240	7,628
Other payable		735	6,727
Provision for long service payment		192	313
Total non-current liabilities		17,305	23,440

Interim Condensed Consolidated Statement of Financial Position

		30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
	Note		
Current liabilities			
Trade and retention payables	20	88,761	79,419
Contract liabilities	16	—	4,073
Accruals, provision and other payables		63,060	46,548
Amount due to a related party	22	—	100
Lease liabilities		2,254	1,954
Dividend payable		23,637	—
Borrowings	19	26,980	42,203
Current tax liabilities		22,558	12,648
Total current liabilities		227,250	186,945
Total liabilities		244,555	210,385
Net assets		163,062	155,392
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	10	—
Combined capital		—	10
Reserves	21	5,018	4,889
Retained earnings		158,034	150,493
Total equity		163,062	155,392

The interim condensed consolidated financial information on pages 20 to 44 were approved by the Board of Directors on 29 November 2024 and were signed on its behalf:

.....
Yiu Wang Lee
Chairman

.....
Chan Lo Man
Director

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes In Equity

	Attributable to owners of the Company			
	Combined capital HK\$'000	Reserves (Note 21) HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance as at 1 April 2023 (Audited)	10	4,918	114,067	118,995
Comprehensive income				
Profit for the period	—	—	32,895	32,895
Other comprehensive loss				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of post-employment benefit obligations	—	(14)	—	(14)
Total comprehensive (loss)/income	—	(14)	32,895	32,881
Balance as at 30 September 2023 (Unaudited)	10	4,904	146,962	151,876

	Attributable to owners of the Company			
	Share capital (Note 21) HK\$'000	Reserves (Note 21) HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance as at 1 April 2024 (Audited)	10	4,889	150,493	155,392
Comprehensive income				
Profit for the period	—	—	37,541	37,541
Other comprehensive income				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of post-employment benefit obligations	—	129	—	129
Total comprehensive income	—	129	37,541	37,670
Transactions with owners in their capacity as owners:				
Dividend declared (Note 11)	—	—	(30,000)	(30,000)
Balance as at 30 September 2024 (Unaudited)	10	5,018	158,034	163,062

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 September	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		55,960	22,936
Tax paid		(255)	(15,371)
Net cash inflow from operating activities		55,705	7,565
Cash flows from investing activities			
Payments for property and equipment		(20,271)	(5,584)
Repayments from related parties		—	2,511
Advance to directors		(6,363)	(1,286)
Proceeds from sale of property and equipment		172	—
Interest received		33	—*
Net cash outflow from investing activities		(26,429)	(4,359)
Cash flows from financing activities			
Interest paid on bank loans		(1,334)	(847)
Proceeds from bank loans		—	13,823
Repayments of bank loans		(11,864)	(8,285)
Proceeds from hire purchases		2,532	1,632
Repayments of hire purchases		(7,604)	(6,220)
Repayments of principal portion of the lease liabilities		(1,351)	(1,343)
Repayments of interest portion of lease liabilities		(23)	(42)
Repayments of interest portion of hire purchases		(153)	(267)
(Repayments to)/advance from related parties		(100)	1,332
Payments of listing expenses		(4,470)	—
Net cash outflow from financing activities		(24,367)	(217)
Net increase in cash and cash equivalents		4,909	2,989
Cash and cash equivalents at the beginning of the financial period		27,361	5,470
Cash and cash equivalents at end of period		32,270	8,459

* The amount is less than HK\$1,000.

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Wing Lee Development Construction Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 May 2024 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in large-scale excavation, steel structure support design and construction of underground facilities and construction works, solar system construction and maintenance, road and drainage improvement and construction, underground cable laying and connection project, machinery leasing, and material trading in public and private sector in Hong Kong (the “**Listing Business**”). The ultimate holding company of the Company is Wing Lee Green Development Limited. The ultimate controlling shareholders of the Group are Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man.

The Company’s shares were listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 October 2024 by way of share offer.

This interim condensed consolidated financial information is presented in Hong Kong Dollar (“**HK\$**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 29 November 2024.

This interim condensed consolidated financial information has not been audited.

2 REORGANISATION

In preparing for the Listing, the Group underwent a group reorganisation (the “**Reorganisation**”), pursuant to which the Listing Business were transferred to the Company and the Company became the holding company of the companies now comprising the Group (details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 27 September 2024 (the “**Prospectus**”).

3 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This interim condensed consolidated financial information have been prepared on a historical cost basis.

This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this should be read in conjunction with the Accountant’s Report set out in Appendix I to the Prospectus.

4 ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus except for the estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued with tax rate that would be applicable to expected total annual earnings.

(a) New and amendments to standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

(b) Impact of standards issued but not yet applied by the Group

The following amendments to standards have been issued but are not early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 April 2024
Amendments to HK Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024
Amendments to HKAS 21	Lack of Exchangeability	1 April 2025
Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4 ACCOUNTING POLICIES *(Continued)*

(b) Impact of standards issued but not yet applied by the Group *(Continued)*

The Group will apply the above new standards and amendments to existing standards and interpretation when they become effective.

The above new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact in the Group in the current or future reporting periods and on foreseeable future transactions.

5 FINANCIAL RISK MANAGEMENT, CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report set out in Appendix I to the Prospectus.

There have been no changes in the risk management or any risk management policies since the year end.

5.2 Fair value estimation

The carrying values of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to the relatively short-term nature of these financial instruments or interest-bearing nature.

5.3 Critical accounting estimates and judgements

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus.

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) has been identified as the Chairperson and Chief Executive Officer Mr. Yiu Wang Lee and the Executive Director Mr. Chan Lo Man of the Company. The CODM regards the Group’s business as three main business segments, namely (i) civil engineering; (ii) electrical cable engineering; and (iii) solar PV system and review the financial information accordingly.

- (i) Civil engineering — principally engaged in civil engineering works which we specialise in site formation works and road and drainage works. Our site formation works generally include earthworks, excavation and installation of steel structures. Our road and drainage works mainly included construction and modification of roads, carriageway and pavement, construction of covered walkway, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage system, manholes, cable trenches and installation of water mains and sewerage pipes;
- (ii) Electrical cable engineering — principally engaged in electrical cable engineering works which generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair; and
- (iii) Solar PV system — principally engaged in design, installation and maintenance works of solar PV system works.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group’s profit before income tax except that other income, other gains, finance income, finance costs, impairment loss on financial assets as well as the head office and corporate general and administrative expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the above segments is reported below.

Notes to the Interim Condensed Consolidated Financial Information

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

	Six months ended 30 September 2024 (Unaudited)				
	Civil engineering HK\$'000	Electrical cable engineering HK\$'000	Solar PV system HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	303,812	80,728	9,923	6,350	400,813
Timing of revenue recognition					
— At a point in time	—	—	—	1,000	1,000
— Over time	303,812	80,728	9,923	5,350	399,813
	303,812	80,728	9,923	6,350	400,813
Segment profit	48,129	23,734	2,986	5,429	80,278

	Six months ended 30 September 2023 (Unaudited)				
	Civil engineering HK\$'000	Electrical cable engineering HK\$'000	Solar PV system HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	143,897	58,904	22,529	1,151	226,481
Timing of revenue recognition					
— At a point in time	—	—	—	516	516
— Over time	143,897	58,904	22,529	635	225,965
	143,897	58,904	22,529	1,151	226,481
Segment profit	25,958	19,635	5,293	649	51,535

The Group is domiciled in Hong Kong. All revenue are derived from external customers in Hong Kong for the six months ended 30 September 2024 and 2023.

6 REVENUE AND SEGMENT INFORMATION (Continued)**(b) Reconciliation of reportable segment profit to profit for the period**

A reconciliation of segment profit to profit for the period is provided as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment profit	80,278	51,535
Unallocated amounts:		
General and administrative expenses	(20,528)	(11,577)
Reversal of impairment loss/(impairment loss) on financial assets	1,204	(1,056)
Listing expenses	(13,156)	—
Other income	495	1,743
Other gains	172	—
Finance costs, net	(1,477)	(1,156)
Income tax expenses	(9,447)	(6,594)
Profit for the period	37,541	32,895

(c) Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

(d) Disaggregation of revenue from contract with customers

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Civil engineering	303,812	143,897
Electrical cable engineering	80,728	58,904
Solar PV system	9,923	22,529
Others		
— Sales of materials	1,000	516
— Leasing of machinery	5,350	635
	400,813	226,481

6 REVENUE AND SEGMENT INFORMATION (Continued)**(e) Revenue from major customers**

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	143,429	72,294
Customer B	99,421	5,789
Customer C	72,981	46,099

7 OTHER INCOME AND OTHER GAINS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Subsidies (Note (i))		
— Government	—	305
— Construction Industry Council	495	1,337
Other	—	101
	495	1,743
Other gains		
Gain on disposal of property and equipment	172	—
	172	—

Note:

- (i) There are no unfulfilled conditions or other contingencies attaching to the subsidies.

8 EXPENSES BY NATURE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration)	79,602	55,373
Depreciation of property and equipment (Note 13)	7,873	6,275
Depreciation of right-of-use assets (Note 14)	1,392	1,223
Donation	3,180	172
Expense relating to other short-term leases	1,398	1,999
Listing expenses	13,156	—

9 FINANCE COSTS, NET

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income:		
— Interest income from bank deposits	33	—*
Finance costs:		
— Interest expense on bank loans	(1,334)	(847)
— Interest expense on lease liabilities	(23)	(42)
— Interest expense on hire purchases	(153)	(267)
	(1,510)	(1,156)
Finance costs, net	(1,477)	(1,156)

* The amount is less than HK\$1,000.

Notes to the Interim Condensed Consolidated Financial Information

10 INCOME TAX EXPENSES

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	10,164	5,581
Deferred income tax	(717)	1,013
Income tax expenses	9,447	6,594

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the group companies incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax.

Other group companies are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the period, except for one entity that is qualified under the two-tiered profits tax regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

11 DIVIDEND

In September 2024, prior to the Listing, the Company declared an interim dividend of approximately HK\$30,000,000, of which approximately HK\$23,637,000 was settled by cash subsequent to the end of the reporting period and approximately HK\$6,363,000 was offset against the aggregate amounts due from the directors. Other than the above, the directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024.

During the six months ended 30 September 2023, no dividend was declared and settled by a subsidiary of the Company to its then shareholders.

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of the shares in connection with the Reorganisation completed on 26 June 2024 and the capitalisation issue of ordinary shares which took place on 9 October 2024, respectively.

	Six months ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company during the periods (HK\$'000)	37,541	32,895
Weighted average number of ordinary shares in issue ('000)	750,000	749,999
Basic earnings per share (HK\$)	0.05	0.04

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 September 2024. Accordingly, diluted earnings per share is the same as the basic earnings per share.

13 PROPERTY AND EQUIPMENT

	Leasehold land HK\$'000	Leasehold improvement HK\$'000	Office equipment and furniture HK\$'000	Machineries HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Six months ended 30 September 2024 (Unaudited)						
Opening net book amount	—	155	492	79,892	5,071	85,610
Additions	4,607	—	—	6,128	2,973	13,708
Depreciation charge (Note 8)	(26)	(34)	(101)	(6,398)	(1,314)	(7,873)
Closing net book amount	4,581	121	391	79,622	6,730	91,445

Notes to the Interim Condensed Consolidated Financial Information

14 LEASES

	Leased premises HK\$'000
Right-of-use assets	
Six months ended 30 September 2024 (Unaudited)	
Opening net book amount	2,764
Addition	1,730
Depreciation charge (Note 8)	(1,392)
Closing net book amount	3,102

15 TRADE RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Current assets, gross		
Trade receivables	24,899	53,279
Less: provision for impairment	(4,313)	(5,088)
Trade receivables, net	20,586	48,191

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	12,630	39,598
31–60 days	—	2,593
61–90 days	—	—
91–180 days	—	1,274
Over 180 days	12,269	9,814
	24,899	53,279

The credit terms provided to customers range from 7 days to 60 days. The Group's trade receivables are denominated in HK\$.

The carrying amounts of trade receivables approximate to their fair values.

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

Included in contract assets/(liabilities) are the following:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
<u>Contract assets</u>		
Unbilled revenue	212,425	178,843
Billed retention receivables	35,855	16,506
Total contract assets	248,280	195,349
Less: provision for impairment		
— Unbilled revenue	(6,125)	(7,158)
— Billed retention receivables	(901)	(296)
Contract assets, net	241,254	187,895
Contract liabilities	—	(4,073)

17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Prepayments	1,417	2,442
Deferral of listing fee related to issuance of new shares	5,981	1,511
Other receivables	1,028	2,944
Deposits	3,929	2,727
Less: Non-current	12,355 (220)	9,624 (525)
Current portion	12,135	9,099

The Group's deposits, prepayment and other receivables are denominated in HK\$.

The carrying amounts of deposit, prepayment and other receivables approximate to their fair values.

Notes to the Interim Condensed Consolidated Financial Information

18 CASH AND CASH EQUIVALENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Cash at banks	32,270	26,816
Cash on hand	—	545
Cash and cash equivalents	32,270	27,361

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
HK\$	32,251	27,343
Renminbi ("RMB")	19	18
Cash and cash equivalents	32,270	27,361

The carrying amount of the Group's cash and cash equivalents approximated to its fair value as at 30 September 2024 and 31 March 2024. The cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.

19 BORROWINGS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Guaranteed		
— Bank loans	23,041	34,905
Secured		
— Hire purchases	10,185	15,257
	33,226	50,162
Less: Non-current		
— Hire purchases	(6,246)	(7,959)
Current borrowings	26,980	42,203

The borrowings are denominated in HK\$ and bear interest mainly at floating rates that are market dependent.

The table below analyses the borrowings of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date without taking into consideration the effect of repayment on demand clause.

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Borrowings repayable:		
Within one year	12,425	20,164
Between one and two years	6,501	7,729
Between two years to five years	3,972	6,446
Over five years	143	566
	23,041	34,905

Notes to the Interim Condensed Consolidated Financial Information

19 BORROWINGS (Continued)

The carrying amounts of the borrowings approximate their fair values. The weighted average interest rates are 5.0% and 5.0% per annum as at 30 September 2024 and 31 March 2024, respectively.

As at 30 September 2024 and 31 March 2024, all hire purchases were secured by certain property and equipment held by the Group and personal guarantees provided by some of the directors of the Company. As at the date of this interim report, personal guarantees of all hire purchases had been released.

As at 30 September 2024 and 31 March 2024, borrowing facilities amounting to HK\$18,704,000 and HK\$22,825,000, respectively were guaranteed by (i) The HKMC Insurance Limited under the SME Financing Guarantee Scheme launched by The Hong Kong Mortgage Corporation Limited; and (ii) personal guarantees provided by some of the directors of the Company. As at the date of this interim report, such borrowing facilities had been fully repaid.

20 TRADE AND RETENTION PAYABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade payables	78,677	72,576
Retention payables	10,084	6,843
	88,761	79,419

The trade and retention payables are denominated in HK\$ and the carrying amounts approximate their fair values.

20 TRADE AND RETENTION PAYABLES (Continued)

As at 30 September 2024 and 31 March 2024, the ageing analysis of the trade and retention payables based on invoice date is as follows:

Trade payables

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	45,181	32,370
31–60 days	10,373	11,782
61–90 days	8,787	3,725
Over 90 days	14,336	24,699
	78,677	72,576

Retention payables

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within one year	10,084	6,843

21 SHARE CAPITAL AND RESERVES**(a) Share capital**

	Number of shares	Share capital HK\$
Authorised:		
At 17 May 2024 (Date of incorporation)	38,000,000	380,000
Changes	1,462,000,000	14,620,000
At 30 September 2024	1,500,000,000	15,000,000
Issued:		
At 17 May 2024 (Date of incorporation)	1	—
Share issued pursuant to the Reorganisation	999	10
At 30 September 2024	1,000	10

21 SHARE CAPITAL AND RESERVES *(Continued)*

(a) Share capital *(Continued)*

The Company was incorporated on 17 May 2024 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

Pursuant to the written resolutions of the then Shareholders dated 20 September 2024, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$15,000,000 divided into 1,500,000,000 shares of par value of HK\$0.01 each by the creation of an additional 1,462,000,000 shares of par value of HK\$0.01 each.

(i) Capitalisation issue

On 9 October 2024, the capitalisation issue pursuant to the written resolutions of the then Shareholders dated 20 September 2024 was effected. The Company issued 749,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 9 October 2024, by way of capitalisation of an amount of HK\$7,499,990 to the credit of the share premium account of the Company.

(ii) Share Offer

On 9 October 2024, the Company issued a total of 250,000,000 shares by way of share offer at an offer price of HK\$0.73 each and successfully listed its shares on the Main Board of the Stock Exchange. The net proceeds after deducting underwriting fees and related expenses amounted to approximately HK\$149,300,000.

(b) Other reserves

The other reserves of the Group mainly represented the combined capital reserve of the companies now comprising the Group, after elimination of intercompany transactions and balances.

22 RELATED PARTY BALANCES AND TRANSACTIONS

- (a) The Group had the following transactions with its related parties during the period:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Purchase of goods and services	—	4
Rental payment on machinery leases	—	195
Solar PV system revenue	—	23

- (b) Amount due to a related party

The amount due to a related party was unsecured, interest-free and repayable on demand. The carrying amount of the amount due to a related party approximate to their fair values and was denominated in HK\$.

- (c) Key management compensation

Key management include executive directors and the senior management of the Group.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Key management compensation		
— Salaries and other employee benefits	4,096	3,711
— Pension costs	99	81
	4,195	3,792

Notes to the Interim Condensed Consolidated Financial Information

23 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Property and equipment Not later than one year	—	3,112

24 EVENTS AFTER THE REPORTING PERIOD

On 25 November 2024, the Group entered into the preliminary sale and purchase agreement for the property at the consideration of HK\$43,360,800. Details of the preliminary sale and purchase agreement, please refer to the announcements of the Company dated 25 November 2024.