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## **WING CHI HOLDINGS LIMITED**

### **榮智控股有限公司**

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

**(Stock Code: 6080)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025**

The board of directors (the “**Board**”) of Wing Chi Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025 as follows:

### **FINANCIAL HIGHLIGHTS**

1. Revenue was approximately HK\$808.0 million for the year ended 31 March 2025, representing an increase of approximately 20.3% as compared to that of approximately HK\$671.9 million for the year ended 31 March 2024.
2. Gross profit was approximately HK\$42.2 million for the year ended 31 March 2025, as compared to that of approximately HK\$41.3 million for the year ended 31 March 2024.
3. Gross profit margin for the year ended 31 March 2025 was approximately 5.2%, as compared to that of approximately 6.1% for the year ended 31 March 2024.
4. Profit attributable to owners of the Company was approximately HK\$4.4 million for the year ended 31 March 2025 as compared to that of approximately HK\$3.7 million for the year ended 31 March 2024. The increase in net profit attributable to owners of the Company is mainly attributable to the combined effect of (i) an increase in revenue but the Company is still under severe competition in the foundation and site formation market which has intensified pricing pressures and adversely impacted the gross profit margin during the year ended 31 March 2025 and (ii) a decrease in the gross profit margin due to the continued weakness in the Hong Kong economy which has further constrained the Group’s profitability, leading to challenges in maintaining revenue levels and managing costs effectively. As a results, even there is substantial growth in the revenue of the Company, the increase in net profit attributable to owner has been moderated by the adverse economic conditions.
5. Profit per share amounted to approximately HK\$0.5 cents for the year ended 31 March 2025 as compare to that of approximately HK\$0.4 cents for the year ended 31 March 2024.
6. The Board does not recommend the payment of final dividend for the year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Revenue	3	<b>808,017</b>	671,910
Cost of sales		<b>(765,838)</b>	(630,591)
Gross profit		<b>42,179</b>	41,319
Other income and gains	4	<b>2,048</b>	1,680
Administrative expenses		<b>(37,612)</b>	(36,297)
Finance costs	5	<b>(1,756)</b>	(815)
Profit before taxation		<b>4,859</b>	5,887
Income tax expense	6	<b>(442)</b>	(2,188)
Profit for the year	7	<b>4,417</b>	3,699
Earnings per share: Basic and diluted	9	<b>0.5 cents</b>	0.4 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Plant and equipment		66,505	44,473
Right-of-use assets		8,243	19,392
Deposits paid for acquisition of plant and equipment		252	3,051
		<u>75,000</u>	<u>66,916</u>
Current assets			
Contract assets	10	165,939	205,862
Trade and other receivables	11	38,350	26,055
Tax recoverable		–	11
Bank balances		50,046	45,630
		<u>254,335</u>	<u>277,558</u>
Current liabilities			
Trade and other payables	12	152,726	182,383
Lease liabilities		3,168	7,922
Bank borrowings		28,211	12,160
Tax payable		17	–
		<u>184,122</u>	<u>202,465</u>
Net current assets		<u>70,213</u>	<u>75,093</u>
Total assets less current liabilities		<u>145,213</u>	<u>142,009</u>
Non-current liabilities			
Deferred tax liabilities		6,641	6,271
Lease liabilities		3,330	4,913
		<u>9,971</u>	<u>11,184</u>
Net assets		<u>135,242</u>	<u>130,825</u>
Capital and reserves			
Share capital	13	9,338	9,338
Reserves		125,904	121,487
		<u>135,242</u>	<u>130,825</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 1. GENERAL INFORMATION

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

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

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

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

**Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 –Non-current Liabilities with Covenants (the “2022 Amendments”)**

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group’s liabilities.

**New and amendments to HKFRS Accounting Standards issued but not yet effective**

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

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

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

### **HKFRS 18 – Presentation and Disclosure in Financial Statements**

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

### **HKFRS 19 – Subsidiaries without Public Accountability: Disclosures**

HKFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards.

HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company’s equity instruments are publicly traded, it is not eligible to elect to apply HKFRS 19.

### **Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments**

The amendments include requirements on classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The directors are currently assessing the impact of these amendments.

### 3. REVENUE AND SEGMENT INFORMATION

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
– Provision of foundation and site formation works	<b>773,680</b>	651,183
Revenue from other sources		
– Rental income from machineries leasing	<u><b>34,337</b></u>	<u>20,727</u>
	<u><b>808,017</b></u>	<u>671,910</u>

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Timing of revenue recognition from contracts with customers</b>		
Over time	<u><b>773,680</b></u>	<u>651,183</u>

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

As at 31 March 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$548,905,000 (2024: HK\$592,254,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 1 to 21 months (2024: 1 to 16 months).

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

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

### Geographical information

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

### Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	199,742	360,254
Customer B	126,048	74,682
Customer C	119,640	115,234
Customer D	97,015	N/A*
Customer E	91,253	N/A*
	<u>2,048</u>	<u>1,680</u>

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

#### 4. OTHER INCOME AND GAINS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	40	98
Gain on disposal of plant and equipment	1,184	334
Gain on early termination of lease agreement	201	19
Gain on exchange difference	259	–
Reversal of impairment loss on trade receivables	4	103
Reversal of impairment loss on contract assets	33	1,094
Government grants (Note)	293	–
Sundry income	34	32
	<u>2,048</u>	<u>1,680</u>

*Note:*

During the year ended 31 March 2025, approximately HK\$293,000 (2024: nil) were cash subsidies from the Ex-gratia Payment Scheme for Phasing Out Euro IV Diesel Commercial Vehicles granted by the Government to phase out Euro IV diesel commercial vehicles. The Group had complied with all attached conditions during the year ended 31 March 2025 and recognised the amounts in profit or loss in “other income and gains”.

## 5. FINANCE COSTS

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interests on:		
– bank borrowings	<b>1,218</b>	–
– lease liabilities	<b>538</b>	815
	<u>1,756</u>	<u>815</u>
	<u><b>1,756</b></u>	<u>815</u>

## 6. INCOME TAX EXPENSE

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current year taxation		
Hong Kong Profits Tax	<b>72</b>	13
Deferred taxation	<b>370</b>	2,175
	<u>442</u>	<u>2,188</u>
	<u><b>442</b></u>	<u>2,188</u>

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI for the year ended 31 March 2025 (2024: nil).

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 March 2025 and 2024, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

## 7. PROFIT FOR THE YEAR

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments	4,349	4,208
Staff costs (excluding directors' and chief executive's emoluments)		
– Salaries, wages, allowances and other benefits	242,037	182,481
– Contributions to retirement benefits scheme	6,530	4,972
Total staff costs	<u>248,567</u>	<u>187,453</u>
Auditor's remuneration	900	880
Depreciation of plant and equipment	18,313	10,943
Depreciation of right-of-use assets	6,100	7,051
Gain on disposal of plant and equipment	(1,184)	(334)
Reversal of impairment loss on trade receivables	(4)	(103)
Reversal of impairment loss on contract assets	(33)	(1,094)
	<u><u>          </u></u>	<u><u>          </u></u>

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 9. EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings		
– Profit for the year attributable to the owners of the Company	<u>4,417</u>	<u>3,699</u>
	<b>2025</b>	2024
Number of shares		
– Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>933,750,000</u>	<u>933,750,000</u>

### Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2025 and 2024.

## 10. CONTRACT ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Analysed as current:		
Unbilled revenue of construction contracts	110,738	156,912
Loss allowance	<u>(67)</u>	<u>(116)</u>
	<u>110,671</u>	<u>156,796</u>
Retention receivables of construction contracts	57,400	51,182
Loss allowance	<u>(2,132)</u>	<u>(2,116)</u>
	<u>55,268</u>	<u>49,066</u>
Total contract assets	<u><u>165,939</u></u>	<u><u>205,862</u></u>

As at 1 April 2023, contract assets amounted to HK\$107,632,000.

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

## 11. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables (Note)	32,575	19,582
Loss allowance	<u>(547)</u>	<u>(551)</u>
	<u>32,028</u>	<u>19,031</u>
Other receivables	4,983	5,364
Prepayments and deposits	<u>1,339</u>	<u>1,660</u>
	<u><u>38,350</u></u>	<u><u>26,055</u></u>

*Note:*

As at 31 March 2025, gross amount of approximately HK\$25,916,000 (2024: HK\$10,500,000) included in the trade receivables arose from the provision of foundation and site formation works in accordance with HKFRS 15.

The Group does not hold any collateral over these balances.

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

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>31,603</b>	18,309
31 to 60 days	<b>52</b>	301
61 to 180 days	<b>239</b>	421
181 to 365 days	<b>55</b>	–
Over 365 days	<b>79</b>	–
	<b>32,028</b>	19,031

## 12. TRADE AND OTHER PAYABLES

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>116,754</b>	144,336
Retention payables	<b>10,931</b>	11,571
Payables for acquisition of machineries	–	6,240
Accrued expenses and other payables	<b>25,041</b>	20,236
	<b>152,726</b>	182,383

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

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 90 days	<b>116,754</b>	144,336

### 13. SHARE CAPITAL

	Number of shares		Share capital	
	2025	2024	2025	2024
			<i>HK\$'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each				
<b>Authorised</b>				
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<b><u>2,000,000,000</u></b>	<u>2,000,000,000</u>	<b><u>20,000</u></b>	<u>20,000</u>
<b>Issued and fully paid</b>				
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<b><u>933,750,000</u></b>	<u>933,750,000</u>	<b><u>9,338</u></b>	<u>9,338</u>

*Note:*

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board is pleased to present the consolidated annual results of the Group for the year ended 31 March 2025 together with the corresponding year ended 31 March 2024.

### **BUSINESS REVIEW AND OUTLOOK**

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

Apart from acting as a subcontractor in foundation and site formation works, the Group has actively sought to enlarge its scope of work in the construction industry. The Group not only focuses in acting as a subcontractor but also aims to act as a foundation main contractor in the future. The Group’s principal operating subsidiary, Lik Shing Engineering Company Limited, has registered under the Construction Industry Council as a register of subcontractor and register of specialist trade contractors since May 2008 and May 2020 respectively. Lik Shing Engineering Company Limited has also registered under the Buildings Department as a registered specialist contractor in the foundation works category and site formation works category since December 2019 and July 2021 respectively. The Development Bureau of the HKSAR Government has approved the admission of Lik Shing Engineering Company Limited to Group B (Probation) under the “Roads and Drainage” category of the List of Approved Contractors for Public Works effective from January 2024.

During the year ended 31 March 2025, the Hong Kong economy has shown signs of recovery, driven by strategic investments and a robust push towards digital innovation. The HKSAR Government’s ongoing commitment to infrastructure and housing projects is expected to further stimulate economic growth, creating enhanced opportunities in the construction industry.

The Directors acknowledge that uncertainties remain in the Hong Kong economy, with significant competition persisting in the foundation and site formation market. These factors continue to pose challenges for the Group’s development. To navigate this landscape, the Group will maintain stringent cost control measures on existing projects, enhance workflow efficiency throughout the construction process, and strengthen project management effectiveness. Additionally, the Group will prioritise the health and safety of its employees, ensuring a secure work environment as it adapts to the evolving market conditions.

## **FINANCIAL REVIEW**

During the year ended 31 March 2025, the Group had been awarded 42 new contracts, with an aggregate original contract sum of approximately HK\$701.4 million and had completed 41 projects with an aggregate original contract sum of approximately HK\$827.8 million. As at 31 March 2025, the Group had 39 projects on hand which include projects in progress as well as projects that have been awarded to us but not yet commenced. As at 31 March 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$548.9 million (2024: approximately HK\$592.3 million). This amount represents the revenue from construction contracts that is expected to be recognised in the future.

### **Revenue**

The revenue from the foundation and site formation works of the Group for the year ended 31 March 2025 amounted to approximately HK\$773.7 million, representing an increase of approximately HK\$122.5 million, or 18.8% as compared to that of approximately HK\$651.2 million for the year ended 31 March 2024. The increase is primarily due to the fact that we managed to obtain more large-size foundation and site formation works which include large-scale projects such as the Ma Tau Kok project, the Kai Tak Sites 2B3 & 2B4 project, the Kam Sheung Road, Yuen Long project and the Area 57 project in Tung Chung during the year ended 31 March 2025.

The revenue from machinery leasing for the year ended 31 March 2025 amounted to approximately HK\$34.3 million, representing an increase of approximately HK\$13.6 million, or 65.7% as compared to that of approximately HK\$20.7 million for the year ended 31 March 2024. This amount represents the revenue derived from the leasing of the Group's machinery to contractors and/or subcontractors under operating leases. The increase is primarily due to the revenue derived from machinery leasing for the project of 3310 North Runway Modification Work and the Lamma Power Station project.

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

The gross profit of the Group for the year ended 31 March 2025 amounted to approximately HK\$42.2 million, as compared to the gross profit of approximately HK\$41.3 million for the year ended 31 March 2024. The gross profit margin of the Group during the year ended 31 March 2025 was approximately 5.2%, as compared to the gross profit margin of approximately 6.1% for the year ended 31 March 2024. The slight increase in the gross profit amount but a decrease in the gross profit margin is mainly attributable to ongoing competitive pressures in the construction industry and rising construction costs.

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

### **Other Income and Gains**

The other income of the Group for the year ended 31 March 2025 amounted to approximately HK\$2.0 million, representing an increase of approximately HK\$0.3 million or 17.6% as compared to that of approximately HK\$1.7 million for the year ended 31 March 2024. There is no significant movement for the other income and gains during the year ended 31 March 2025.

### **Administrative Expenses**

The administrative expenses of the Group for the year ended 31 March 2025 amounted to approximately HK\$37.6 million, representing an increase of approximately HK\$1.3 million or 3.6% as compared to that of approximately HK\$36.3 million for the year ended 31 March 2024. The increase in administrative expenses is primarily due to the increase of staff cost. During the year ended 31 March 2025, the Group has continued to expand its workforces to support its business and has increased the remuneration packages of the employees and the Directors. The major cost included in the administrative expenses mainly related to salary expenses and Directors' remuneration, depreciation expenses and entertainment expenses.

### **Finance Costs**

The finance costs of the Group for the year ended 31 March 2025 amounted to approximately HK\$1.8 million, representing a significant increase of approximately HK\$1.0 million or 125.0% as compared to that of approximately HK\$0.8 million for the year ended 31 March 2024. The significant increase is primarily due to the fact that a new loan of HK\$20 million has been obtained during the year ended 31 March 2025.

### **Income Tax Expenses**

The income tax expenses of the Group for the year ended 31 March 2025 amounted to approximately HK\$0.4 million, as compared to that of approximately HK\$2.2 million for the year ended 31 March 2024. The income tax expense represents the net effect on the movement of deferred tax expenses and Hong Kong income tax expense. The decrease of income tax expenses is mainly due to the decrease in provision of deferred tax expenses recognised during the year ended 31 March 2025.

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

The Group reported a net profit attributable to owners of approximately HK\$4.4 million for the year ended 31 March 2025 as compared to that of approximately HK\$3.7 million for the year ended 31 March 2024. The increase in profit attributable to owners of the Company is primarily due to the combined effect of (i) an increase in revenue but the Company is still under severe competition in the foundation and site formation market which has intensified pricing pressures and adversely impacted the gross profit margin during the year ended 31 March 2025 and (ii) a decrease in the gross profit margin due to the continued weakness in the Hong Kong economy which has further constrained the Group's profitability, leading to challenges in maintaining revenue levels and managing costs effectively. As a result, even there is substantial growth in the revenue of the Company, the increase in net profit attributable to owner has been moderated by the adverse economic conditions.

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

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

As at 31 March 2025, the Group had total assets of approximately HK\$329.3 million (2024: approximately HK\$344.5 million), of which current assets amounted to approximately HK\$254.3 million (2024: approximately HK\$277.6 million).

As at 31 March 2025, the Group had total liabilities of approximately HK\$194.1 million (2024: approximately HK\$213.6 million), of which current liabilities amounted to approximately HK\$184.1 million as at 31 March 2025 (2024: approximately HK\$202.5 million). As at 31 March 2025, the Group had total equity attributable to owners of the Company amounted to approximately HK\$135.2 million (2024: approximately HK\$130.8 million).

As at 31 March 2025, the Group had total bank balances and cash of approximately HK\$50.0 million (2024: approximately HK\$45.6 million). The movement in bank balances and cash was mainly due to utilization of funds in the Group's operation and in investing and financing activities.

As at 31 March 2025, the Group had total debts of approximately HK\$34.7 million which include lease liabilities (2024: approximately: HK\$25.0 million) denominated in Hong Kong dollars. The gearing ratio of the Group, calculated by the total debts (defined as the sum of the lease liabilities and bank borrowings) divided by the total equity is approximately 25.7% (2024: approximately 19.1%). The increase in the total debts and the gearing ratio during the Reporting Period is mainly due to the fact that a new loan has been obtained to invest in machinery to support the operation of ongoing projects. Therefore, the greater reliance on debt financing has elevated the gearing ratio, indicating a higher proportion of debt relative to equity.

## **TREASURY POLICY**

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

## **PLEDGE OF ASSETS**

As at 31 March 2025, the Group's right-of-use assets with an aggregate net book value of approximately HK\$7.0 million (2024: approximately HK\$15.1 million) were pledged under finance leases. As at 31 March 2025, the Group's machineries with an aggregate net book value of approximately HK\$26.7 million (2024: approximately HK\$15.0 million) were pledged under bank borrowings.

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

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

Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2025.

## **CAPITAL EXPENDITURE**

During the year ended 31 March 2025, the Group has invested approximately HK\$36.8 million (31 March 2024: approximately HK\$31.7 million) on the acquisition of machineries and equipment, motor vehicles and computer equipment. These capital expenditure have been principally funded by finance leases, bank borrowings and internal resources.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 2025, the Group had capital commitments of approximately HK\$1.0 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

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

## **EVENTS AFTER THE REPORTING PERIOD**

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2025 and up to the date of this announcement.

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

During the year ended 31 March 2025, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## **SIGNIFICANT INVESTMENT HELD**

During the year ended 31 March 2025, the Group had no significant investment held.

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

As at 31 March 2025, the Group does not have other plans for material investments and capital assets.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2025, the Group employed a total of 493 employees (including Executive Directors and Independent Non-executive Directors), as compared to a total of 406 employees (including Executive Directors and Independent Non-executive Directors) as at 31 March 2024. The increase in the number of employees was mainly due to the fact that more labour intensive work progress have been conducted as at 31 March 2025. Total staff costs which include Directors' emoluments for the year ended 31 March 2025 was approximately HK\$252.9 million (31 March 2024: approximately HK\$191.7 million). The significant increase in staff costs is mainly due to the fact that substantial large projects have been conducted and the improvement of the remuneration packages of the employees and the Directors during the year ended 31 March 2025.

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

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

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

During the year ended 31 March 2025, the Group has neither experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of final dividend to Shareholders of the Company for the year ended 31 March 2025.

## **FUTURE PROSPECTS**

The future prospects for the construction industry in Hong Kong remains cautiously optimistic, despite challenges such as a projected slowdown in growth driven by high interest rates, geopolitical tensions, a sluggish property market and a doubled budget deficit forecast of HKSAR Government. The Northern Metropolis Development Strategy (which covers the development of the Northern Metropolis which includes Yuen Long, Tin Shui Wai and Fanling/Sheung Shui) developed by the HKSAR Government will continue to be a cornerstone for growth, with the HKSAR Government's 2025-26 Budget emphasizing its role in fostering innovation, technology, and integration with the Greater Bay Area through infrastructure investments. The Group will prioritise enhancing cost control, bolstering project management, and improving production efficiency to navigate market challenges. While global economic uncertainties persist, the Group is well-positioned to deliver high-quality projects, leveraging Hong Kong's robust infrastructure pipeline to create value for shareholders and society.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own corporate governance code. To the knowledge of the Board, the Company has complied with the relevant code provisions in the CG Code during the period from 1 April 2024 to 31 March 2025 (the “**Reporting Period**”) with the exception of code provision C.2.1 as explained below.

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

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

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

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

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

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

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

## **ANNUAL GENERAL MEETING (“AGM”)**

The 2025 AGM of the Company will be held on Friday, 15 August 2025. The notice of the 2025 AGM of the Company will be published and despatched to the Shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The 2025 AGM of the Company has been scheduled to be held on Friday, 15 August 2025 to determine the persons who are entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 8 August 2025 to Friday, 15 August 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company’s branch share registrar and transfer office, at “17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong” for registration not later than 4:30 p.m. on Thursday, 7 August 2025.

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

As at 31 March 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

Mr. Lee Kwok Lun, an Independent Non-executive Director of the Company, has been appointed as an independent non-executive director of Winto Group (Holdings) Limited (Stock Code: 8238) with effect from 10 April 2025.

Save as disclosed in this announcement, the Directors are not aware of any change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this annual report.

## **CHANGE IN COMPOSITION OF NOMINATION COMMITTEE**

For the purpose of complying with the revised Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to be effective from 1 July 2025, Ms. Chau Man Chun (“**Ms. Chau**”), an Executive Director of the Company, has been appointed as a member of the nomination committee of the Company (the “**Nomination Committee**”) with effect from 20 June 2025.

Ms. Chau currently serves as an Executive Director of the Company. The Board believes that her extensive experience and expertise will make valuable contributions to the diversity of the Board and the Nomination Committee.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company (the “**Audit Committee**”) consists of three members who are all Independent Non-executive Directors, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik, Lewis is the Chairman of the Audit Committee. The Company’s annual results for the year ended 31 March 2025 have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditor of the Company, SHINEWING (HK) CPA Limited (“**SHINEWING**”), and reviewed the Group’s results for the year ended 31 March 2025.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, SHINEWING, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by SHINEWING on the preliminary announcement.

## **GENERAL**

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2025 ANNUAL REPORT**

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

The 2025 annual report of the Company for the year ended 31 March 2025 will be despatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 20 June 2025

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