Progressive Path Group Holdings Limited
進昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1581

2026

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Wing Hang *(Chairman)*
Mr. Chan Tak Ming

Independent Non-executive Directors

Mr. Du Hanzhi (appointed on 2 March 2026)
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia
Mr. Wong Yiu Kit Ernest
(passed away on 24 January 2026)

AUDIT COMMITTEE

Mr. Lee Man Tai *(Chairman)*
Mr. Du Hanzhi (appointed on 2 March 2026)
Ms. Tong Sze Sze Cecilia
Mr. Wong Yiu Kit Ernest
(passed away on 24 January 2026)

NOMINATION COMMITTEE

Ms. Tong Sze Sze Cecilia *(Chairman)*
Mr. Wu Wing Hang
Mr. Du Hanzhi (appointed on 2 March 2026)
Mr. Wong Yiu Kit Ernest
(passed away on 24 January 2026)

REMUNERATION COMMITTEE

Mr. Du Hanzhi *(Chairman)* (appointed on 2 March 2026)
Mr. Wu Wing Hang
Mr. Lee Man Tai
Mr. Wong Yiu Kit Ernest
(passed away on 24 January 2026)

COMPANY SECRETARY

Mr. Li Kin Fung

AUTHORISED REPRESENTATIVES

Mr. Wu Wing Hang
Mr. Li Kin Fung

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1108, 11/F.
Tuen Mun Central Square
No. 22 Hoi Wing Road
Tuen Mun
New Territories
Hong Kong

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

SHINEWING (HK) CPA Limited
17/F, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

COMPANY'S WEBSITE

www.ppgh.com.hk

STOCK CODE

1581

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board (the “Board”) of Directors (the “Director”) of Progressive Path Group Holdings Limited (the “Company”), it is my pleasure to present to you the 2026 annual report of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2026 (the “Year”).

The Group continues to operate as a dedicated Hong Kong-based subcontractor principally engaged in (i) construction works, primarily foundation and site formation works, and (ii) the provision of construction machinery rental services. The Group’s revenue decreased by approximately 7.9% to approximately HK$841.3 million for the Year, compared to approximately HK$913.8 million for the year ended 31 March 2025. The Group’s profit attributable to owners of the Company was approximately HK$20.4 million for the Year, compared to approximately HK$34.1 million for the year ended 31 March 2025. Such decrease was mainly attributable to (i) a decrease in revenue recorded for the Year, primarily due to the Three-Runway System (“3RS”) project at the Hong Kong International Airport has progressed beyond its peak construction phase; and (ii) a decrease in gross profit for the Year, mainly attributable to lower gross profit margins on newly awarded contracts as a result of keen market competition, together with unforeseen close-out and completion costs incurred during the final stages of existing projects.

While the 3RS project at the Hong Kong International Airport has gradually entered a more mature stage of development, the Group has successfully secured participation in a number of other major infrastructure projects in Hong Kong, including the Oyster Bay Station project, the Sung Wong Toi Station, the Tung Chung Line Extension and Development of the Lok Ma Chau Loop, etc.

With the continued support of the Hong Kong Special Administrative Region (“HKSAR”) Government in advancing large-scale infrastructure developments, particularly those associated with railway expansion and the Northern Metropolis Development Strategy, the Group remains well positioned to benefit from future construction opportunities. The Government continues to promote strategic infrastructure projects, while railway developments such as the Tung Chung Line Extension and Oyster Bay Station are progressing, alongside Development of the Lok Ma Chau Loop as a key innovation and technology hub.

Looking ahead, the Group remains firmly committed to its core businesses in foundation and site formation works, as well as construction machinery rental services. Leveraging our proven track record, experienced management team and established industry relationships, we will continue to pursue suitable opportunities arising from Hong Kong’s infrastructure and development pipeline and strive to strengthen our market position while delivering sustainable value to our shareholders.

Nonetheless, the operating environment remains challenging. The construction market has become increasingly competitive following the gradual transition of several large-scale projects into their later stages. Contractors continue to face pricing pressure when tendering for new works, resulting in tighter profit margins across the industry.

In addition, rising operating cost and increasing compliance and safety requirements have continued to place pressure on project profitability. Uncertainties surrounding project award timing and the pace of private sector development have also affected market sentiment. Against this backdrop, the Group remains committed to maintaining prudent financial management, enhancing operational efficiency and selectively pursuing projects that offer sustainable returns.

CHAIRMAN'S STATEMENT

Despite the challenges facing the construction industry, we remain confident in the long-term prospects of Hong Kong's infrastructure sector. Supported by the HKSAR Government's continued investment in strategic developments, including the Northern Metropolis and railway expansion projects, the Group will continue to focus on its core foundation, site formation and construction machinery rental businesses. Looking ahead, we will maintain prudent project selection, strengthen cost control and enhance operational efficiency to preserve our competitiveness and deliver sustainable value to our shareholders.

On behalf of the Board, I would like to express my heartfelt appreciation to our customers, suppliers, subcontractors, business partners and Shareholders for their continued confidence and support. I would also like to thank our management team and all staff members for their dedication, hard work and resilience throughout the Year. Their unwavering commitment has enabled the Group to overcome challenges, seize opportunities and continue delivering value to our stakeholders.

Wu Wing Hang
Chairman

Hong Kong, 29 June 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the period under review, Hong Kong's construction industry continued to face a challenging operating environment. Although the private property market has shown signs of gradual improvement, supported by easing interest rates and better market sentiment, the pace of new project launches remains measured. Because the pipeline of new developments is still limited and developers' investment decisions remain cautious, competition for available construction contracts continues to be keen. Consequently, contractors face ongoing pressure on tender prices and profit margins, even as they navigate the added challenges of rising operating costs and increasingly stringent safety and environmental requirements.

Notwithstanding these challenges, the public sector remained the principal driver of construction demand. The Government reaffirmed its commitment to major infrastructure and land development initiatives, particularly the Northern Metropolis, public housing developments and strategic transport infrastructure projects. In the 2025 Policy Address, the Northern Metropolis was positioned as a new engine for Hong Kong's economic development, with dedicated measures introduced to accelerate planning, land administration and construction processes. Furthermore, the Government expects capital works expenditure to remain at approximately HK$120 billion per annum on average over the next five years, providing a stable pipeline of public sector opportunities for the industry.

Looking ahead, while the timing and pace of recovery in the private sector remain uncertain, the industry is expected to continue benefit from sustained government investment in infrastructure and land development projects. Nevertheless, intense market competition and cost pressures are expected to remain key challenges facing construction contractors in the near term.

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) construction works; and (ii) the provision of construction machinery rental services. Our construction machinery rental services represent the rental of construction machines and construction vehicles to our customers, and the provision of machine operators and transportation services as part of our one-stop construction machinery rental services. Our construction works represent the construction projects undertaken by us, the nature of which are broadly classified as foundation and site formation works, and builder's work and general building works.

During the Year, the Group recorded revenue of approximately HK$841.3 million, representing a decrease of approximately 7.9% as compared with approximately HK$913.8 million for the year ended 31 March 2025. Profit attributable to owners of the Company amounted to approximately HK$20.4 million, as compared with approximately HK$34.1 million in the previous year.

The decrease in revenue was primarily attributable to the gradual completion of major works under the 3RS project at Hong Kong International Airport and Kai Tak Sports Park, which had been key contributors of the Group's revenue in recent years. As these projects progressed beyond their peak construction phases, demand for construction works and construction machinery rental services declined during the Year.

Despite a more challenging operating environment, the Group continued to participate in a number of major infrastructure and public sector projects in Hong Kong. During the Year, the Group was involved in projects including Oyster Bay Station, Tung Chung Line Extension, Development of Lok Ma Chau Loop, Kai Tak Sung Wong Toi Station, other public housing developments such as in Kwu Tung North and Tuen Mun, as well as other railway and infrastructure-related projects. These projects continued to provide a stable source of revenue for the Group and partially mitigated the impact of the completion of the major projects mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES

The Group's business operations, financial performance, and future growth are subject to various risks and uncertainties, both known and unforeseen. The following outlines the principal risks identified by the Group, though this list is not exhaustive. Other factors, currently unknown or deemed immaterial, may also emerge and materially affect the Group's operations and prospects in the future.

Operational Risks

The Group primarily generates revenue from non-recurring construction projects under project-based contracts. As customers are not contractually obligated to award repeat business, there is no assurance that new projects will be secured from existing clients or that replacement projects will be obtained upon the completion of the current backlog. Accordingly, the Group's revenue may fluctuate significantly from period to period.

To maintain operational flexibility and cost efficiency, the Group may subcontract portions of its construction works based on the specific requirements of each project. While subcontractors are selected based on their technical capabilities, track record, pricing, manpower capacity, and safety performance, there can be no assurance that all subcontracted works will be completed to the Group's quality and timeliness standards. Any underperformance or delay may lead to additional costs or contractual liabilities under the main contracts.

Furthermore, prolonged settlement cycles are common in the construction industry, especially during periods of economic uncertainty. This may impact the Group's liquidity position. To manage such risks, the Group performs regular aging analyses of accounts receivable and closely monitors the credit profiles of its customers.

Market Risks

The Group's operations are solely based in Hong Kong and, as such, are subject to local economic and market conditions. Unfavourable developments such as a slowdown in the Hong Kong economy, reductions in public sector infrastructure spending, natural disasters, or outbreaks of infectious diseases may adversely affect the Group's operations, revenue, and profitability.

In addition, the Group's construction machinery leasing business is subject to increasingly stringent regulatory requirements imposed by the Environmental Protection Department and the Labour Department of the HKSAR Government. Changes in environmental standards or labour regulations may introduce new compliance obligations and result in higher operating costs. In response, the Group has proactively invested in environmentally friendly machinery to replace outdated equipment, thereby enhancing regulatory compliance and supporting sustainable operations.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Year, the Group had revenue generated from construction works and construction machinery rental. Set out below is the breakdown of revenue of the Group during the Year and the year ended 31 March 2025:

	Year ended 31 March	
	2026	2025
	HK$'000	HK$'000
Construction works	**621,679**	632,122
Construction machinery rental	**219,642**	281,662
	841,321	913,784

Revenue from construction works

During the Year, the revenue derived from our thirty-one projects (2025: twenty-two projects) amounted to approximately HK$621.7 million (2025: HK$632.1 million), accounting for approximately 73.9% (2025: 69.2%) of our total revenue.

Such decrease was primarily attributable to the gradual completion of major projects, particularly certain construction works under the 3RS at Hong Kong International Airport and Kai Tak Sports Park, which had been significant contributors to the Group's revenue in previous years. Nevertheless, the Group continued to secure new contracts and participate in a number of major infrastructure and public sector developments during the Year. Revenue was mainly generated from these projects partially offset the decline resulting from the gradual completion of major projects in the previous year.

Below set out a list of major projects undertaken by the Group during the Year:

Project name	Type of works	Revenue recognised during the Year (Approximately HK$' million)	Status
Oyster Bay Station and Associated Works	Foundation and site formation works	169.0	In progress
Tung Chung East Station and associated enabling works for track diversions	Foundation and site formation works	96.6	In progress
Kai Tak, Sung Wong Toi Station	Foundation and site formation works	71.7	In progress

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	Type of works	Revenue recognised during the Year (Approximately HK$' million)	Status
Development of Lok Ma Chau Loop	Foundation and site formation works	70.3	In progress
Main Contract for Dedicated Rehousing Estate at Kwu Tung North Area 24	Foundation and site formation works	21.5	In progress
Pedestrian Link Connecting Pak Tai Street and Sung Wong Toi Station	Foundation and site formation works	19.8	In progress
Main Contract for Subsidized Sale Flats Development at Anderson Road Quarry Site R2–4	Foundation and site formation works	17.5	In progress

The Group had awarded twelve new projects during the Year. The Group has been actively participating in tenders for new public and private construction projects.

As at 31 March 2026, there were twenty-eight projects on hand with total outstanding contract sum amounting to HK$867.2 million. The following table sets out the Group's principal ongoing projects with outstanding contract sums exceeding HK$20 million each as at 31 March 2026:

Project name	Expected completion date
Automated People Mover (APM) and Baggage Handling System (BHS) – Hong Kong International Airport	Q4 2026
Airportcity Link – Land Viaducts at Hong Kong Port and Airport Island	Q4 2026
Main Contract for Dedicated Rehousing Estate at Kwu Tung North Area 24	Q1 2027
Kai Tak, Sung Wong Toi Station	Q1 2027
Oyster Bay Station and Associated Works	Q1 2028
Hung Shui Kiu Station	Q3 2028

Revenue from construction machinery rental

During the Year, the revenue derived from the construction machinery rental amounted to approximately HK$219.6 million (2025: HK$281.7 million), accounting for approximately 26.1% (2025: 30.8%) of our total revenue. The decrease was primarily attributable to the gradual transition of the 3RS project at Hong Kong International Airport into a more mature stage of development. As one of the Group's major sources of machinery rental income in previous years, the project had generated substantial demand for construction machinery and related equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's total gross profit decreased by approximately HK$31.8 million, from gross profit of approximately HK$63.4 million for the year ended 31 March 2025 to approximately HK$31.6 million for the Year. Gross profit margin also decreased from approximately 6.9% to 3.8%.

The decrease in gross profit was primarily attributable to the decline in gross profit margin during the Year. Gross profit margin decreased as a result of lower margins achieved on newly awarded contracts due to intense market competition. In addition, certain projects incurred additional extra costs towards their final stages, which further compressed the profitability of the construction works segment. The profitability of construction machinery rental segment was also impacted by increasingly competitive market conditions, together with rising repair and maintenance costs. The decrease in revenue following the gradual completion of several major projects further reduced the Group's gross profit during the Year.

Below set out the breakdowns of the gross profit and gross profit margin of the Group:

	Year ended 31 March			
	2026		2025	
	Gross Profit HK$'000	**Gross Profit Margin**	Gross Profit HK$'000	Gross Profit Margin
Construction works	**21,704**	**3.5%**	43,563	6.9%
Construction machinery rental	**9,858**	**4.5%**	19,872	7.1%
	31,562	**3.8%**	63,435	6.9%

OTHER INCOME

The other income of the Group for the Year amounted to approximately HK$18.7 million, representing an increase of approximately HK$12.2 million compared with approximately HK$6.5 million for the previous year. Such increase is mainly due to the increase in the gain on disposal of property, plant and equipment for the Year.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for the Year amounted to approximately HK$22.7 million, representing a decrease of approximately HK$2.6 million or 10.3%, compared with approximately HK$25.3 million for the previous year. Such decrease is mainly attributable to the stringent cost control over general administrative overheads and internal discretionary expenditures, as well as the absence of a one-off write-off of an unrecoverable prepayment recognized in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

(REVERSAL OF) PROVISION FOR LOSS ALLOWANCE ON TRADE RECEIVABLES AND CONTRACT ASSETS

	Year ended 31 March	
	2026	2025
	HK$'000	HK$'000
(Reversal of) provision for loss allowance on trade receivables, net	**(2,003)**	4,084
Provision for loss allowance on contract assets, net	**300**	284

During the Year, the Group recorded a net reversal of impairment loss allowance under the Expected Credit Loss ("ECL") model of approximately HK$1.7 million on trade receivables and contract assets, compared with a net provision of approximately HK$4.4 million in the previous year.

The reversal was mainly attributable to substantial settlements received from certain major customers during the Year and the continued improvement in collection status of long-outstanding receivables. Accordingly, the expected recoverability of the relevant receivables improved, resulting in a reversal of impairment loss allowance under the ECL model.

The Group assesses the ECL of its trade receivables and contract assets in accordance with HKFRS 9, taking into account factors including ageing profile, historical credit loss experience, customers' repayment records, current market conditions and forward-looking information. An independent professional valuer was engaged to assist management in assessing the ECL allowance as at 31 March 2026.

FINANCE COSTS

The Group's finance costs decreased by 42.5% from approximately HK$10.8 million for the previous year to approximately HK$6.2 million for the Year. The decrease was mainly attributable to the lower average outstanding balance of the Group's interest-bearing liabilities, together with the reduction in prevailing interest rates during the Year.

INCOME TAX (EXPENSES) CREDIT

The Group recorded an income tax expense of approximately HK$2.6 million for the Year, as compared to an income tax credit of approximately HK$4.6 million in the previous year. This was primarily attributable to the absence of one-off deferred tax credit arising from the recognition of previously unrecognised tax losses recorded in the previous year.

NET PROFIT

As a result of the abovementioned, the Group recorded a net profit of approximately HK$20.4 million for the Year, representing a decrease of 40.2%, or HK$13.7 million, compared to HK$34.1 million in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

As at 31 March 2026, trade receivables amounted to HK$242.3 million, representing a decrease of 5.7% as compared with HK$257.0 million as at 31 March 2025. Certain balances remained outstanding for a longer period due to the extended certification and approval procedures associated with large-scale infrastructure projects. Subsequent to the reporting date and up to the date of this report, approximately HK$132.0 million of trade receivables had been settled. The Group continues to closely monitor overdue balances through regular reviews of ageing profiles and maintains ongoing communication with customers to facilitate timely settlement. Appropriate recovery actions, including legal action where considered necessary, are taken in respect of long-outstanding receivables.

TREASURY POLICY

It is the Group's policy to adopt a prudent approach towards its cash management policies and thus maintained a healthy liquidity position throughout the Year. To minimize the exposure to credit risk, the Group would regularly review the timeliness of receivables settlement and evaluate the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments would constantly meet its funding requirements for current and future operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through cash generated from the operations and borrowings.

As at 31 March 2026, the Group had bank balances of approximately HK$36.0 million (2025: HK$30.4 million). The increase is mainly due to the cash generated from operations during the Year. The new bank borrowings during the Year were approximately HK$245.8 million (2025: HK$266.2 million). The total interest-bearing liabilities of the Group including bank borrowings and lease liabilities as at 31 March 2026 was approximately HK$110.0 million (2025: HK$117.0 million). The gearing ratio is calculated based on the amount of total interest-bearing liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2026 was approximately 35.3% (2025: 40.3%).

PLEDGE OF ASSETS

As at 31 March 2026, the Group's bank borrowings and lease liabilities were secured by the ownership interest in leasehold land and building and machinery and equipment with an aggregate net carrying value of approximately HK$50.3 million (2025: HK$90.2 million), deposits and prepayments for life insurances with an aggregate net book value of approximately HK$23.6 million (2025: HK$22.9 million) and pledged bank deposit with an aggregate net book value of approximately HK$8.0 million (2025: nil).

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, the Group employed 613 (2025: 421) staffs. The increase in headcount was mainly attributable to the recruitment of project personnel for newly commenced and expanding construction projects towards the second half of the year. As the increase occurred towards the latter part of the year, it did not have a corresponding full-year impact on the Group's staff cost. Total staff costs including Directors' emoluments for the Year amounted to approximately HK$187.4 million (2025: HK$211.0 million). 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 annual review on salary increase, discretionary bonuses and promotions based on the qualification and performance of each employee.

During the Year, the Group has not 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.

CAPITAL EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprises purchase of machinery and motor vehicles. Our capital expenditure was principally funded by bank borrowings, leases and internal resources. The following table sets forth our Group's capital expenditure during the Year and previous year:

	Year ended 31 March	
	2026	2025
	HK$'000	HK$'000
Motor vehicles	**639**	12,714
Machinery	**44,223**	32,993
Others	**10,625**	56
	55,487	45,763

As at 31 March 2026, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2026, three subsidiaries of the Group were involved in five ongoing employees' compensation and personal injury claims (2025: three subsidiaries of the Group were involved in six ongoing employees' compensation and personal injury claims). The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2026 and up to the date of this report.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group had no significant investment held and did not have any material acquisition and disposal of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments and capital assets during the Year and as at the date of this annual report.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Year and up to the date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend to shareholders of the Company for the Year.

PROSPECTS

Looking ahead, the Group expects the operating environment of Hong Kong's construction industry to remain competitive in the near term. Following the substantial completion of several large-scale infrastructure projects, including the Three-Runway System at Hong Kong International Airport and the Kai Tak Sports Park, the market has entered a transitional period as contractors compete for new project opportunities. While the private property market has shown signs of gradual improvement, supported by easing interest rates and improved market sentiment, the pace of new project launches remains measured and competition for construction contracts continues to be keen.

At the same time, contractors continue to face various challenges, including rising operating costs, increasingly stringent safety and environmental requirements, and uncertainties surrounding project award timing. These factors are expected to continue placing pressure on tender prices and profit margins across the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding these challenges, the Group remains cautiously optimistic about the long-term prospects of Hong Kong's construction industry. The HKSAR Government continues to promote infrastructure-led growth through major initiatives such as the Northern Metropolis Development Strategy, railway expansion projects, public housing developments and Development of the Lok Ma Chau Loop. According to the 2025–26 Budget, the Government expects average annual capital works expenditure to reach approximately HK$120 billion over the coming five years, providing a stable pipeline of public sector opportunities for the construction industry. In addition, the Government has proposed transferring HK$150 billion from the Exchange Fund to the Capital Works Reserve Fund over two years to support the Northern Metropolis and other major infrastructure projects, further demonstrating its commitment to long-term infrastructure development in Hong Kong.

The Group is well positioned to benefit from these long-term opportunities through its participation in a number of ongoing infrastructure projects, including Oyster Bay Station, the Tung Chung Line Extension and Development of the Lok Ma Chau Loop. Leveraging its established track record, technical expertise, experienced management team and strong industry relationships, the Group will continue to pursue suitable opportunities in its core foundation and site formation works and construction machinery rental businesses.

Going forward, the Group will maintain a prudent approach to project selection and tendering, strengthen cost control and operational efficiency, and preserve financial flexibility. The Group remains committed to enhancing its competitiveness and delivering sustainable value to its shareholders over the long term.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the change of information of Director is as follow:

Mr. Lee Man Tai, an independent non-executive director of the Company, has been appointed as the company secretary of Madison Holdings Group Limited, a company listed on GEM of the Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 8057) with effect from 26 March 2026. Mr. Lee has also been appointed as the company secretary of Fujian Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 181), with effect from 4 May 2026.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

The Board presents to the shareholders this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company while the principal subsidiaries are principally engaged in the construction works and provision of construction machinery rental services. Details of the principal activities of its subsidiaries are set out in notes 1 and 36 to the consolidated financial statements of this annual report. There was no significant change in the Group's principal activities during the Year.

BUSINESS REVIEW

Discussion and analysis of principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks facing the Group and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 5 to 14 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this annual report.

No dividend was paid or proposed by the Company during the Year, nor has any dividend been proposed by the Directors since the end of the Year.

ANNUAL GENERAL MEETING ("AGM")

The 2026 AGM will be held on Thursday, 20 August 2026. The notice of the AGM will be published and distributed to the shareholders of the Company in the manner as required by the Listing Rules on the Stock Exchange in due course.

Closure of Register of Members

The record date for the AGM will be Thursday, 20 August 2026. The Hong Kong branch register of members of the Company will be closed from Monday, 17 August 2026 to Thursday, 20 August 2026 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 14 August 2026.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements of this annual report.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Directors are of view that employees, customers, sub-contractors and suppliers are the keys to the sustainable development of the Group.

REPORT OF THE DIRECTORS

Employees

Employees are regarded as valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize well-performed staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives. In particular, the Group promote career development and advancement by providing appropriate training and opportunities in order to enhance the employees' work performance.

Customers

Our major customers include construction work companies engaged in public and/or private construction projects in Hong Kong. We have established long-term business relationship with these customers for many years and committed to offer our quality service to meet their requirement. We tend to maintain contacts with these customers regularly in order to understand their needs and provide required service to support their business.

Sub-contractors and Suppliers

Our Group have developed long-standing relationship with a number of sub-contractors and suppliers. We have always been communicating closely with them to ensure that good quality and sustainable goods and services will be provided to the Group. When selecting sub-contractors and suppliers, we often require them to satisfy certain criteria such as experience and capability, financial strength, track record, and reputation.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 130 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

SHARE CAPITAL AND SHARES ISSUED DURING THE YEAR

Details of movements during the Year in the share capital of the Company are set out in note 28 to the consolidated financial statements of this annual report.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 66 of this annual report.

As at 31 March 2026, the Group had retained profits amounted to approximately HK$103,950,000 available for distribution to the Company's shareholders.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 15 November 2016. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus of the Company dated 28 November 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year and up to the date of this annual report. Details of the Share Option Scheme is set out in note 31 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report were:

Executive Directors
Mr. Wu Wing Hang
Mr. Chan Tak Ming

Independent Non-Executive Directors
Mr. Du Hanzhi (appointed on 2 March 2026)
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)

In accordance with article 108 of the Company's articles of association (the "Articles"), Mr. Wu Wing Hang and Ms. Tong Sze Sze Cecilia will retire from office as Directors at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

In accordance with article 112 of the Articles, Mr. Du Hanzhi who was appointed as an independent non-executive Director on 2 March 2026, shall hold office until the date of the forthcoming AGM. He will retire and, being eligible, will offer himself for re-election at the forthcoming AGM.

The Directors' biographical details are set out in the section headed "Biographies of the Directors and Senior Management" in this annual report.

Information regarding Directors' emoluments is set out in note 12 to the consolidated financial statements of this annual report. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the independent non-executive Directors ("INEDs"). The Group considers all INEDs to be independent under the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACT

All the INEDs have respectively entered into a letter of appointment with the Company for a term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

During the Year, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

DIRECTORS'/CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Year was the Company, its or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executive (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Year and up to the date of this annual report.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders has made an annual declaration to the Company up to 31 March 2026, he/it has complied with the terms of non-competition undertakings ("Non-Competition Undertakings") given in favour of the Company. The INEDs have also reviewed the status of compliance by each of the controlling shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

REPORT OF THE DIRECTORS

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

As at 31 March 2026, interests and long positions in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules are as follows:

(i) Long position in the shares

Name of Director	Capacity/Nature of interest	Shares held	Approximate number of shareholding percentage
Mr. Wu Wing Hang ("Mr. Wu")	Interest in controlled corporation – Corporate interest (Note)	244,398,000	58.89%

Note: The 244,398,000 shares are held by Profit Gold Global Limited ("Profit Gold"). Mr. Wu beneficially owns 100% of the entire issued share capital of Profit Gold and is deemed, or taken to be, interested in all the shares held by Profit Gold for the purposes of the SFO. Mr. Wu is the director of Profit Gold.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Percentage of shareholding
Mr. Wu	Profit Gold	Beneficial owner (Note)	1	100%

Note: Mr. Wu beneficially owns 100% of the entire issued share capital of Profit Gold, and he is deemed or taken to be interested in all the shares in Profit Gold for the purposes of the SFO. Mr. Wu is the director of Profit Gold.

(iii) Short positions

Other than as disclosed above, as at 31 March 2026, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2026, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the shares and 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, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the shares of the Company:

Name	Capacity/Nature of interest	Number of shares held/interested in	Percentage of shareholding
Profit Gold	Beneficial owner (Note 1)	244,398,000	58.89%
Ms. Kwok Wai Sheung Melody ("Ms. Kwok")	Interest of spouse (Note 2)	244,398,000	58.89%

Notes:

1. 244,398,000 shares were beneficially owned by Profit Gold, which is wholly owned by Mr. Wu.
2. Ms. Kwok, being spouse of Mr. Wu, is deemed to be interest in the 244,398,000 shares held by Mr. Wu under the SFO.

Save as disclosed above, as at 31 March 2026, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

The approximate percentages of the Group's revenue and cost of sales attributable to major customers, subcontractors and suppliers during the Year and year ended 31 March 2025 are as follows:

	Year ended 31 March	
	2026	2025
Approximate % of total revenue		
from the largest customer	**23.0%**	21.7%
from the five largest customers in aggregate	**59.6%**	62.4%
Approximate % of cost of sales		
from the largest subcontractor	**17.6%**	16.2%
from the five largest subcontractors in aggregate	**36.1%**	25.8%
from the largest supplier	**3.4%**	4.3%
from the five largest suppliers in aggregate	**10.0%**	11.5%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's issued share capital) had any interest in the five largest customers, subcontractors nor suppliers during the Year.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS/EXEMPTED CONTINUING CONNECTED TRANSACTIONS

With respect to the related party transactions as disclosed in note 32 to the consolidated financial statements of this annual report, all transactions which also constitute connected transactions or continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company as all the applicable percentage ratios are less than 0.1%. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in relation to any connected transactions and continuing connected transactions.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2026 and up to the date of this report.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. Lee Man Tai, Mr. Du Hanzhi and Ms. Tong Sze Sze Cecilia. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2026 in conjunction with the Company's Auditor and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2026 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the Year and up to the date of this annual report except for the deviation from code provision C.2.1 under Part 2 of the CG Code as explained in the Corporate Governance Report.

The details of Group's compliance with the CG Code is set out in the Corporate Governance Report from pages 26 to 36 of this annual report.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$5,000 (2025: HK$30,000).

REPORT OF THE DIRECTORS

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure from the business of the Group during the Year.

ENVIRONMENTAL POLICIES

Sustainability is one of the key factors to the Group's development, as well as for the viability of its business and the welfare of the community. We are committed to offering premium products and services to obtain customer satisfaction all round. In recent years, we have been looking for ways to minimize the adverse impact of our businesses on the environment (i.e. air and noise pollution) by improving operational efficiencies and implementing eco-friendly measures. The Group will continue to strive for energy-saving and environmental-friendly equipment and materials for our construction projects. We will formulate policy to promote awareness and practices on resource usage reduction, waste reduction and energy conservation, and be more active in involving various community programs and contributing to the society.

Details are set out in the Environmental, Social and Governance Report (the "ESG Report") from pages 37 to 57 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

On behalf of the Board
Wu Wing Hang
Chairman

Hong Kong, 29 June 2026

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wu Wing Hang (胡永恒) ("Mr. Wu"), aged 47, is the founder of our Group. Mr. Wu is also a member of the nomination and remuneration committee. He was appointed as a Director on 21 April 2016 and was designated as an executive Director on 13 July 2016. He was also appointed as the Chairman of our Group on 13 July 2016. He is currently responsible for overseeing the corporate strategy and operational management of our Group. Mr. Wu is also a director of all the subsidiaries of our Group.

Mr. Wu has over 28 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in City College in Hong Kong in 1995. In 2003, Mr. Wu established Luen Yau Construction Company. He established Luen Yau Construction Company Limited in December 2007 and served as its director.

Mr. Wu is the spouse of Ms. Kwok Wai Sheung Melody, the human resources and administration manager of the Company. For Mr. Wu's interest in the shares of the Company within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" of this annual report.

Mr. Chan Tak Ming (陳德明) ("Mr. Chan"), aged 60, was appointed as Director on 31 May 2016 and was designated as an executive Director on 13 July 2016. He is currently responsible for overseeing the rental operation of our Group.

Mr. Chan has over 41 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in Oberlin College in Hong Kong in 1983. Mr. Chan joined our Group in August 2003 as a machine operator and was promoted to the position of head of machine rental department in July 2013.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Du Hanzhi (杜晗之) ("Mr. Du"), aged 26, was appointed as an independent non-executive Director on 2 March 2026. He is also the chairman of the remuneration committee and a member of the audit and nomination committees of our Company.

Mr. Du has accumulated extensive experience in the fields of corporate finance and investment. From August 2024 to April 2025, Mr. Du served as an Analyst at Walden Partners (Hong Kong) Limited. From April 2025 to January 2026, he worked at Grande Capital Limited as an Assistant Vice President and a licensed representative for Type 1 and Type 6 regulated activities under the Securities and Futures Ordinance of Hong Kong. Since February 2026, he has been employed by Yellow River Securities Limited as an Assistant Vice President, serving as a licensed representative for Type 1 regulated activities under the Securities and Futures Ordinance of Hong Kong. Mr. Du obtained a Master of Science degree from the Hong Kong University of Science and Technology in July 2024.

Mr. Lee Man Tai (李文泰) ("Mr. Lee"), aged 49, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the audit committee and a member of the remuneration committee of our Company.

In November 2000, Mr. Lee obtained his Bachelor degree in business administration from Lingnan University, Hong Kong. In November 2010, he further obtained a Master degree in business administration in financial services from The Hong Kong Polytechnic University. He was admitted as a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in May 2012 and October 2012 respectively. He also obtained the qualification as a licensed representative and responsible officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) in 2017 and 2020 respectively.

Mr. Lee has over 24 years of experience in financial and auditing industries. He served as the chief financial officer and company secretary in several listed companies including China Yuanbang Property Holdings Limited, a listed company on the main board of Singapore Exchange Securities Trading Limited with stock code BCD between October 2006 to October 2012, China 33 Media Group Limited (stock code: 8087) between October 2012 and May 2014 and Flying Financial Service Holdings Limited (stock code: 8030) as the chief financial officer between July 2014 to April 2015 and company secretary between August 2014 to April 2015. He also served as the company secretary and financial controller of Chanco International Group Limited (with its name changed to China International Development Corporation Limited) (stock code: 264) from April 2015 to September 2015 and from April 2015 to January 2016 respectively. He is currently the chief financial officer and company secretary of China New Consumption Group Limited (formerly known as State Innovation Holdings Limited and Beaver Group (Holding) Company Limited), a company listed on GEM of the Stock Exchange (stock code: 8275) since June 2021 and August 2021, respectively.

From June 2021 to November 2024, Mr. Lee was an independent non-executive director of Yunhong Guixin Group Holdings Limited (stock code: 8349), which are listed on the Stock Exchange.

Mr. Lee is currently an independent non-executive director of China Energy Development Holdings Limited (stock code: 228) since January 2016 and Rizhao Port Jurong Co., Ltd (stock code: 6117) since December 2019.

Since March 2026, Mr. Lee has been serving as the company secretary of Madison Holdings Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8057). Since May 2026, Mr. Lee has been serving as the company secretary of Fujian Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 181).

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Tong Sze Sze Cecilia (唐絲絲) ("Ms. Tong"), aged 56, was appointed as an independent non-executive Director on 28 March 2024. She is also the chairman of the nomination committee and a member of the audit committee of our Company.

Ms. Tong has substantial experience in administration and procurement. She obtained a bachelor's degree in Administrative Studies from the York University in Canada in June 1993. Ms. Tong started her career as administrative supervisor in various insurance companies in Canada from 1993 to 1996. In 1997, she joined the Chevalier Group, its group holdings company, Chevalier International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 25.HK), where she was primarily responsible for overall management and operations and reported to the managing director of its subsidiary companies.

Ms. Tong worked for the Global Sourcing and Procurement Services Department in the Bank of America Merrill Lynch from 2000 to 2012. She was responsible for coordinating with global category managers in the US, UK and Asia Pacific Region to leverage global deal between vendors and the bank, with her last position as vice president in Global Banking and Markets Chief Operating Office.

Ms. Tong holds an estate agent's licence issued by the Hong Kong Estate Agents Authority, and she is the founder of a licensed property agency company in Hong Kong, where she has been serving as the managing director since 2018. Ms. Tong also holds directorship in certain private property investment companies.

SENIOR MANAGEMENT

Ms. Kwok Wai Sheung Melody (郭慧嫦) ("Ms. Kwok"), aged 48, is our human resources and administration manager. She is currently responsible for human resources management, training and education of employees.

In 1995, Ms. Kwok completed her secondary school education in Ho Ngai Prevocational School (Sponsored by Sik Sik Yuen) in Hong Kong. Ms. Kwok is the spouse of Mr. Wu.

Ms. Kwok has over 26 years of experience in the construction industry. She joined Luen Yau Construction Company in July 2003 as a human resources and administration manager. Prior to joining our Group, Ms. Kwok worked as a site clerk in Dickson Construction Co., Ltd. from September 1998 to December 2000 and China Harbour Engineering Co. from November 1997 to September 1998.

COMPANY SECRETARY

Mr. Li Kin Fung (李建鋒) ("Mr. Li"), aged 38, joined the Company as a finance manager in February 2018. He is a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries). He is also a Chartered Accountant of the Institute of Chartered Accountants in England and Wales.

He obtained a bachelor degree of Business Administration in Professional Accounting and Economics from The Hong Kong University of Science and Technology and a master degree in Corporate Governance from The Hong Kong Polytechnic University. He has over 15 years of experience in auditing, financial management and accounting. Prior to joining the Company, Mr. Li worked as an audit manager in the assurance department of an international audit firm.

CORPORATE GOVERNANCE REPORT

The Company strives to attain and maintain a high standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders. Accordingly, the Board attributes a high priority to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as set out in Appendix C1 of the Listing Rules. Throughout the Year and up to the date of this annual report, the Company has complied with the code provisions under the CG Code, except for the deviation from code provision C.2.1 under Part 2 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Throughout the Year and up to the date of this annual report, the role of the chairman of the Company is performed by Mr. Wu Wing Hang but the office of the chief executive officer of the Company is vacated. The daily operation and management of the Company is monitored by the executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company.

CORPORATE CULTURE

The culture of the Group is to require the directors and management to develop its business and operate within the scope of applicable laws and regulations, as well as the basic norms and expectations of the business community and society. The Group shall operate on the basis of sound governance and utmost integrity and prohibit all kinds of damaging, corruptive, collusive, unethical and discriminative acts.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company.

Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have complied with the Model Code throughout the Year.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for formulating business strategies and monitoring the performance of the business of the Group. Other than the daily operational decisions which are delegated to the management of the Group, most of the decisions are taken by the Board. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Due to the passing away of Mr. Wong Yiu Kit Ernest on 24 January 2026, the Board has temporarily become non-compliant with the requirement of Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules. However, following the appointment of Mr. Du Hanzhi as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 2 March 2026, the Company has re-complied with all Listing Rules.

The Board constituted of five members, including two executive Directors and three independent non-executive Directors. The composition of the Board during the Year and up to the date of this annual report is as follows:

	Appointed on	Length of Tenure
Executive Directors		
Mr. Wu Wing Hang *(Chairman)*	21 April 2016	>10 years
Mr. Chan Tak Ming	31 May 2016	>10 years
Independent non-executive Directors		
Mr. Du Hanzhi (appointed on 2 March 2026)	2 March 2026	< 1 year
Mr. Lee Man Tai	15 November 2016	> 9 years
Ms. Tong Sze Sze Cecilia	28 March 2024	> 2 years
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)		

Biographical details of each Director and relationship between Board members are set out on pages 23 to 25 of this annual report. Save as disclosed in this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board.

The Company signed a letter of appointment with each of the independent non-executive Directors for a term of two years, which may be terminated earlier by no less than three months' written notice served by either party on the other.

Pursuant to article 108(a) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election. Moreover, pursuant to article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Mr. Lee Man Tai has served as an independent non-executive Director of the Company for more than nine years. The Board has assessed and reviewed his independence and is satisfied that he continues to meet all the independence criteria set out in Rule 3.13 of the Listing Rules.

In assessing Mr. Lee's independence, the Board considers that a director's independence should be determined having regard to his character, integrity, judgement and ability to exercise objective and independent views, rather than solely by reference to the length of service. The Board is satisfied that Mr. Lee has continued to demonstrate independent judgement and provide objective and constructive challenge to management and the Board's deliberations.

The Board believes that Mr. Lee's extensive experience and valuable insights continue to contribute positively to the effectiveness and diversity of the Board. Accordingly, notwithstanding his length of service, the Board considers Mr. Lee to remain independent.

Based on the annual confirmations and the assessment conducted by the Board, the Company considers that all independent non-executive Directors remain independent and satisfy the independence requirements set out in Rule 3.13 of the Listing Rules.

The Company has also complied with Rule 3.10(2) of the Listing Rules. Two of the independent non-executive Directors possess the appropriate professional qualifications or accounting or related financial management expertise.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. The Company has reviewed the implementation of the mechanisms in relation to the Board independence and considered it to be effective during the Year.

During the Year, five regular Board meetings and a general meeting were held. Details of the attendance of the Directors to the regular Board meetings and general meeting are as follows:

Directors	**Attendance/ Number of Board Meetings**	**Attendance/ Number of General Meeting**
Executive Directors		
Mr. Wu Wing Hang	5/5	1/1
Mr. Chan Tak Ming	5/5	1/1
Independent non-executive Directors		
Mr. Du Hanzhi (appointed on 2 March 2026)	0/0	0/0
Mr. Lee Man Tai	5/5	1/1
Ms. Tong Sze Sze Cecilia	5/5	1/1
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)	2/2	1/1

Every Director is entitled to have access to Board papers and related materials, and the advice and services of the company secretary of the Company (the "Company Secretary"), and has the liberty to seek independent professional advice at the Company's expense if so reasonably required. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. The Board with the assistance of nomination committee of the Company shall review the Board Diversity Policy from time to time to ensure that it remains appropriate and effective. During the Year, the Company's existing composition of independent non-executive Directors as well as its senior management team are highly diverse in age, educational background and professional experience.

The Board comprises five directors. Directors have a balanced mix of knowledge and skills, including knowledge and experiences in difference areas. They obtained degrees in various majors as well. Furthermore, the Board has a wide range of age, ranging from 26 years old to 60 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In terms of gender diversity, the Board currently comprises one female director (representing 20% of the Board), and will target to review the implementation and effectiveness of the board diversity policy on an annual basis as well as achieve an ultimate goal of gender parity as soon as practicable.

After due consideration, the Board believes that based on existing business model and meritocracy of Directors, its composition satisfies the principles under the board diversity policy.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. During the Year, the Directors have participated in continuous professional development programmes, such as external seminars organized by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All Directors have been given relevant guideline materials and attended a training regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest. Such induction materials and briefing will also be provided to newly appointed Directors shortly upon their appointment as Directors. Continuing briefings and professional development to Directors will be arranged whenever necessary.

In accordance with Rule 3.09D of the Listing Rules, Mr. Du Hanzhi, who was appointed as an independent non-executive Director on 2 March 2026, has obtained the legal advice on 24 February 2026 from a firm of solicitors in respect of the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Du has confirmed that he understands his obligations as a director of the Company.

All Directors have provided record of their training attendance and the Company will continue to arrange and fund the training in accordance with the CG Code provisions.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee"). The table below provides the membership information of these committees on which certain Board members served:

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Wu Wing Hang	–	M	M
Mr. Chan Tak Ming	–	–	–
Mr. Du Hanzhi (appointed on 2 March 2026)	M	M	C
Mr. Lee Man Tai	C	–	M
Ms. Tong Sze Sze Cecilia	M	C	–
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)	M	M	C

Notes:

C – Chairman of the relevant committee
M – Member of the relevant committee

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code, the Audit Committee comprised three independent non-executive Directors, namely Mr. Lee Man Tai, Mr. Wong Yiu Kit Ernest and Ms. Tong Sze Sze Cecilia during the period from 1 April 2025 to 24 January 2026. Following the passing away of Mr. Wong on 24 January 2026, the Company temporarily deviated from the requirements of Rule 3.21 of the Listing Rules. Mr. Du Hanzhi was appointed as a member of the Audit Committee on 2 March 2026 and since then, the Audit Committee has comprised three independent non-executive Directors, namely Mr. Lee Man Tai, Mr. Du Hanzhi and Ms. Tong Sze Sze Cecilia. Mr. Lee Man Tai is the Chairman of the Audit Committee. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

CORPORATE GOVERNANCE REPORT

The Audit Committee's authority and duties are set out in written terms of reference, which terms of reference of the Audit Committee are available on the Stock Exchange's website and the Company's website.

The Audit Committee held two meetings during the Year to review, and recommend to the Board for approval, the audited consolidated financial statements of the Group for the year ended 31 March 2025, the unaudited interim financial report for the six-month period ended 30 September 2025 and reviewed the internal audit reports including the review and evaluation of internal controls. The individual attendance record of each member at the meetings of Audit Committee are set out below:

Name of member of the Audit Committee	Attendance/ Number of Meetings
Mr. Lee Man Tai	2/2
Mr. Du Hanzhi (appointed on 2 March 2026)	0/0
Ms. Tong Sze Sze Cecilia	2/2
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)	2/2

Subsequent to the year ended 31 March 2026, the Audit Committee held one meeting and have reviewed and recommended to the Board for approval of the audited consolidated financial statements of the Group for the year ended 31 March 2026.

NOMINATION COMMITTEE

Pursuant to paragraph B.3 of the CG Code, the Nomination Committee comprises one executive Director, namely Mr. Wu Wing Hang and two independent non-executive Directors, namely Ms. Tong Sze Sze Cecilia and Mr. Wong Yiu Kit Ernest, during the period from 1 April 2025 to 24 January 2026. Following the passing away of Mr. Wong on 24 January 2026, the Company temporarily did not comply with Rule 3.27A of the Listing Rules. Mr. Du Hanzhi was appointed as a member of the Nomination Committee on 2 March 2026 and since then, the Nomination Committee has comprised Mr. Wu Wing Hang, Ms. Tong Sze Sze Cecilia and Mr. Du Hanzhi. Ms. Tong Sze Sze Cecilia is the Chairman of the Nomination Committee. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying and nomination of Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Nomination Committee's authority and duties are set out in written terms of reference, which terms of reference of the Nomination Committee are available on the Stock Exchange's website and the Company's website.

During the Year, the Nomination Committee held two meetings to (i) review the structure, size and diversity of the Board; (ii) assess the independence of the independent non-executive Directors, (iii) recommend to the Board for consideration the re-election of all the retiring Directors at the forthcoming annual general meeting and (iv) recommend the nomination of the director to the Board. The individual attendance record of each member of the Nomination Committee is set out below:

Name of member of the Nomination Committee	Attendance/ Number of Meetings
Ms. Tong Sze Sze Cecilia	2/2
Mr. Wu Wing Hang	2/2
Mr. Du Hanzhi (appointed on 2 March 2026)	0/0
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)	1/1

CORPORATE GOVERNANCE REPORT

The Board has adopted the nomination policy which sets out the nomination criteria and procedures for the Company to appoint additional Directors or re-elect Directors.

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations. Qualified candidates will then be recommended to the Board for approval.

REMUNERATION COMMITTEE

Pursuant to paragraph E.1 of the CG Code, the Remuneration Committee comprises one executive Director, namely Mr. Wu Wing Hang and two independent non-executive Directors, namely Mr. Wong Yiu Kit Ernest and Mr. Lee Man Tai, during the period from 1 April 2025 to 24 January 2026. Following the passing away of Mr. Wong on 24 January 2026, the Company temporarily did not comply with Rule 3.25 of the Listing Rules. Mr. Du Hanzhi was appointed as the Chairman of the Remuneration Committee on 2 March 2026 and since then, the Remuneration Committee has comprised Mr. Wu Wing Hang, Mr. Du Hanzhi and Mr. Lee Man Tai. Mr. Du Hanzhi is the Chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, among other things, formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of independent non-executive Directors.

The Remuneration Committee's authority and duties are set out in written terms of reference, which terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee held two meetings during the Year to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters. The individual attendance record of each member of the Remuneration Committee is set out below:

Name of member of the Remuneration Committee	Attendance/ Number of Meetings
Mr. Du Hanzhi (appointed on 2 March 2026)	0/0
Mr. Wong Yiu Kit Ernest (passed away on 24 January 2026)	0/0
Mr. Wu Wing Hang	2/2
Mr. Lee Man Tai	2/2

No Director takes part in any discussion about his own remuneration. Full details of remuneration of the Directors and the five highest paid employees are provided in notes 12 and 13 respectively to the consolidated financial statements of this annual report.

COMPANY SECRETARY

The Company Secretary, who is also the chief financial officer of the Company, is a full time employee of the Company. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out on page 25 of this annual report under the section headed "Biographies of the Directors and Senior Management".

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the Year. The Directors aim to present a clear and understandable assessment of the Group's financial position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the consolidated financial statements of the Group. The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules, and reports to the regulators.

The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

One of the major functions of the Board is to maintain an adequate risk management and internal control systems to safeguard shareholders' investments and the Group's assets, and reviewing their effectiveness annually through the Audit Committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board.

Policies and procedures have been designed to safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with applicable law, rules and regulations. The policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

During the Year, the Company engaged an external independent consulting firm to review the effectiveness of certain of the Group's risk management and internal controls systems. Relevant recommendations made by the consultant have already been implemented in stages by the Group to further enhance its internal control policies, procedures and practices. The Board considered that the Group's risk management and internal control systems were effective during the Year.

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

Whistleblowing Policy

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. The employees of the Company at all levels should conduct themselves with integrity, impartiality and honesty. In addition, the Company encourages reporting of concerns and actual or suspected misconduct or malpractice or unethical acts (e.g. corruption) by any staff and/or external parties in any matter related to the Company.

The Whistleblowing Policy was adopted in June 2022 to provide guidance on the procedure of reporting allegations of any fraud and misconduct, malpractice or irregularity by employees and stakeholders. All filed whistleblowing reports and the identity of the whistleblowers are treated in a strictly confidential manner in accordance with the procedures set out in the policy.

CORPORATE GOVERNANCE REPORT

Anti-Corruption Policy

The Company takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. The Company strictly prohibits any form of fraud or bribery, and is committed to prevention, deterrence, detection, reporting and investigation of all forms of fraud and bribery.

The Anti-Corruption Policy was adopted in June 2022 to provide principles for all directors, officers, and employees to operate conduct business with integrity and to reduce the risk of corruption and bribery. The Group conducts periodic and systematic fraud risk assessments to mitigate fraud risks identified internally and externally. Proper trainings and briefings related to bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance will also be provided to all employees.

DISCLOSURE OF INSIDE INFORMATION

The Company has put in place a policy for the disclosure of inside information in compliance with the SFO. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Company and its subsidiaries.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, and its affiliated firms, in respect of their audit and non-audit services was as follows:

	Service Fee HK$'000
Audit services	888
Non-audit services:	
– Interim report	248
– Others*	43
	291
Total	1,179

* Performed by SHINEWING (HK) CPA Limited's affiliated firms.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy ("Dividend Policy"). This Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Board determine is no longer needed, as dividends to the shareholders of the Company.

In deciding whether to propose or declare a dividend and in determining the dividend amount and means of payments, the Board should take into account, the actual and expected financial performance of the Group; retained profits and distributable reserves of the Company and each of the other members of the Group; economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group, business strategies of the Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business; the current and future operations, liquidity position and capital requirements of the Group; statutory and regulatory restrictions; and any other factors that the Board may consider relevant. The Board will review the dividend policy as appropriate from time to time.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations.

The Company has established several communication channels, including (a) the annual and extraordinary general meetings which provide a forum for shareholders to communicate directly with the Board; (b) printed corporate documents mailing to shareholders; (c) announcement disseminating the latest activities of the Group on the websites of the Company and the Stock Exchange; and (d) the Company's website providing an electronic means of communication.

Having considered the multiple channels of communication and shareholders engagement in the general meeting held during the Year, the Board is satisfied that the shareholders communication policy has been properly implemented during the Year and is effective.

SHAREHOLDERS' RIGHTS

How shareholder can convene an extraordinary general meeting

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

(a) Pursuant to article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;

(b) The written requisition must state the purposes of the meeting, signed by the Eligible Shareholder(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists;

CORPORATE GOVERNANCE REPORT

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

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

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

Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "How shareholder can convene an extraordinary general meeting".

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company. During the Year, there was no change in the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Progressive Path Group Holdings Limited (the "Company"), together with its subsidiaries (collectively, the "Group"), is pleased to present this Environmental, Social and Governance ("ESG") Report (the "Report") for the year ended 31 March 2026 (the "Year").

The Group is principally engaged in construction works and the provision of construction machinery rental services. This Report covers the ESG policies, management approaches, initiatives and performance of the Group's principal operations during the Year. The reporting scope was determined with reference to the significance of the operations based on revenue contribution and workforce involvement.

This Report has been prepared in accordance with the ESG Code (the "ESG Code") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Report provides an overview of the Group's ESG governance framework, environmental and social performance, key ESG initiatives, climate-related information and progress in integrating sustainability considerations into its business operations and decision-making processes.

The Board recognises its overall responsibility for overseeing the Group's ESG strategy, climate-related risks and opportunities, and ensuring the effectiveness of ESG governance. With support from management, the Board reviews ESG-related matters, monitors the implementation of ESG initiatives and evaluates material ESG issues that may affect the Group's operations and long-term development.

In preparing this Report, the Group has adopted the reporting principles of Materiality, Quantitative and Consistency as required under the ESG Code:

Materiality: An annual materiality assessment was conducted to identify and review ESG factors that are most relevant to the Group's operations and stakeholders.

Quantitative: Where applicable, quantitative data has been disclosed with accompanying explanations to facilitate effective comparison and evaluation.

Consistency: The methodologies used for data collection and reporting have remained consistent with previous years to ensure the comparability of ESG information over time.

To strengthen transparency and accountability, the Group continues to engage with key stakeholders, including employees, customers, suppliers, subcontractors, shareholders and regulatory authorities, to understand their expectations and concerns regarding ESG-related matters. Stakeholder feedback serves as an important reference in shaping the Group's sustainability priorities and ESG management approach.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Group has established a structured ESG governance framework to ensure effective oversight, accountability and appropriate segregation of duties in the management of ESG-related matters. The governance framework facilitates the integration of ESG considerations into the Group's business strategy, risk management processes and daily operations, supporting the achievement of its long-term sustainability objectives.

The Board has overall responsibility for the Group's ESG governance, strategy and reporting. It oversees and prioritises material ESG-related risks and opportunities through materiality assessment, reviews ESG performance, evaluates progress against ESG target at least annually, and approves ESG-related disclosures. The Board also considers ESG factors in the Group's business and operational decisions.

Senior management is responsible for implementing the ESG strategy and policies approved by the Board. Management coordinates ESG-related activities across departments, monitors the progress of ESG initiatives, reviews ESG data and performance, and reports key ESG matters to the Board regularly. Management also oversees compliance with applicable ESG-related laws, regulations and internal policies.

Operational departments are responsible for implementing ESG measures in their daily operations. They collect and maintain ESG-related data, monitor environmental and social performance, identify ESG-related issues and risks, and report relevant information to management in a timely manner. Operational personnel are also responsible for ensuring the accuracy and completeness of ESG data.

To ensure appropriate segregation of duties, operational departments are responsible for implementing ESG initiatives and collecting data, management reviews and monitors ESG performance and disclosures, while the Board provides oversight and approves ESG strategies and reporting. ESG data and information are reviewed by management before submission to the Board for approval.

The Group holds regular meetings, at least annually, among the Board, management and relevant personnel to review ESG performance, discuss ESG risks and opportunities, monitor progress towards ESG objectives, and keep abreast of relevant regulatory developments and stakeholder expectations.

Through this governance structure, the Group promotes accountability, transparency and continuous improvement in its ESG performance and sustainability management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ASSESSMENT AND COMMUNICATION

The Group recognises shareholders, customers, employees, suppliers, subcontractors and government authorities as its key stakeholders. These stakeholder groups may influence the Group's operations and business decisions or be affected by the Group's activities and performance.

The Board oversees the stakeholder management process, while management and relevant departments maintain regular communication with stakeholders through various channels.

- Shareholders: Annual General Meetings (AGMs), annual reports, and corporate announcements.
- Customers, Suppliers, and Subcontractors: Daily operational dialogue, job meetings, and project correspondence.
- Staff: Routine performance reviews, internal feedback channels, and daily workplace communication.
- Government Authorities: Official correspondence, regulatory filings, and compliance updates.

The Group seeks to understand stakeholders' expectations, concerns and views on ESG-related matters through ongoing engagement activities. Stakeholder feedback is reviewed and considered in the Group's decision-making process, ESG management approach and sustainability initiatives.

To identify and prioritise material ESG issues, the Group conducts internal strategic assessments to evaluate the significance of ESG topics from both the business and stakeholder perspectives. The assessment results assist the Group in understanding stakeholder priorities, strengthening stakeholder relationships and determining the ESG issues to be addressed in this Report.

MATERIALITY ASSESSMENT

The Group conducts an annual materiality assessment to identify and evaluate ESG issues that are most relevant to its business operations and stakeholders. The assessment enables the Group to better understand stakeholder expectations, identify ESG-related risks and opportunities, and determine the key ESG topics to be addressed in this Report.The assessment follows a structured three-step approach:

1. **Identification:** The Board, with support from management, identifies a list of ESG topics that may be relevant to the Group's operations. In developing the list, the Group considers the requirements of the ESG Code, industry practices, regulatory developments, business strategies, operational risks and stakeholder concerns.

2. **Review and Prioritization:** The identified ESG topics are reviewed and assessed by management and relevant departments. Input gathered through stakeholder communication activities, including regular interactions with employees, customers, suppliers, subcontractors, shareholders and regulatory authorities, is taken into consideration. Each ESG topic is evaluated based on its significance to stakeholders and its actual or potential impact on the Group's business operations, financial performance, reputation and long-term development.

3. **Confirmation:** The assessment results and prioritised ESG topics are reviewed by management and submitted to the Board for consideration and approval. The Board evaluates whether the identified material topics appropriately reflect stakeholder expectations and the Group's strategic priorities, risk profile and sustainability objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the materiality assessment conducted during the Year, the Group identified the following ESG topics as material to its business operations and stakeholders:

Material Environmental Topic	Material Social Topic	Material Operational Topic
• Greenhouse Gas Emissions ("GHG")	• Occupational Health and Safety	• Supply Chain Management
• Environmental Compliance	• Employment and Labour Practices	• Product and Service Responsibility
• Waste Management	• Training and Development	• Anti-corruption
• Climate-related management		

ENVIRONMENTAL

The Group recognises the importance of environmental protection and is committed to integrating environmental considerations into its business operations. The Group strives to minimise the environmental impacts arising from its construction works and machinery rental activities by managing resources responsibly, reducing emissions and waste generation, and complying with applicable environmental laws and regulations in Hong Kong.

Air pollutants and GHG emissions

The Group's primary sources of air pollutants and GHG emissions are diesel fuel consumed by Group-owned vehicles and machineries and electricity consumption at our head office.

We are aware of our diesel fuel usage and have implemented various measures to avoid, reduce, and control pollution and GHG emissions. For instance, we utilize more energy-efficient fuel for most of our vehicles and machineries (e.g., excavators and lorry cranes). This type of fuel provides better fuel efficiency, offering greater power and reducing overall usage. Additionally, we ensure that all diesel-driven equipment contains sulfur content no higher than 0.005%, in compliance with the Air Pollution Control Ordinance. During the Year, the Group maintained a similar level of diesel fuel usage across its overall construction operations and machine rental activities.

As the Group's fleet supports both our internal construction works and our machinery rental operations, certain vehicles and equipment are deployed directly by rental customers without the Group's direct operational control over daily mileage or usage. As a result, atmospheric emission data for nitrogen oxides and particulate matter are unavailable. Sulphur oxides produced by the combustion of diesel was about 76 kg (2025: 71kg).

To the best of our knowledge, during the Year, the Group does not have any non-compliance issues in relation to laws and regulations that relate to air and GHG emissions including but not limited to the Air Pollution Control Ordinance (Cap.311).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

The Group is committed to reducing waste generation at source and promoting responsible waste management practices across its operations. During the Year, the major waste generated from the Group's activities comprised construction waste and general office waste, while no hazardous waste was generated.

For construction activities, the Group considers waste management during the project planning stage by identifying potential waste types and implementing appropriate measures to minimise waste generation. Project teams also communicate with workers on the importance of waste reduction, recycling and proper waste handling practices. Where practicable, materials are reused to reduce unnecessary waste.

The Group manages construction waste in accordance with the requirements of the main contractors and applicable regulations, including the Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong). Construction waste is handled and disposed of through appropriate channels, including landfills, sorting facilities and public filling areas as required by the Environmental Protection Department ("EPD"). Where necessary, qualified construction waste collectors are engaged to ensure proper disposal.

During the Year, the Group disposed of approximately 885 tonnes of non-hazardous waste (construction waste) (2025: 654 tonnes), representing an intensity of 1.05 tonnes per million HK$ revenue (2025: 0.72 tonnes per million HK$ revenue). Due to the nature of construction projects and the varying requirements and arrangements of different main contractors, the Group considers it not practicable to set a specific reduction target for construction waste.

For office operations, the Group continues to promote paper reduction and recycling practices. During the Year, approximately 461 kg of paper waste was generated (2025: 624 kg), with an intensity of 0.5 kg per million HK$ revenue (2025: 0.7 kg per million HK$ revenue). Recycling boxes have been placed near printers to encourage the reuse of single-sided paper, while employees are encouraged to reduce paper consumption and properly sort recyclable materials.

During the Year, the Group reviewed its progress against its previously established target to promote paper reduction by further encouraging digital workflows and minimising unnecessary printing. Through increased staff awareness and the continued adoption of electronic communication and record-keeping, the Group successfully maintained its paper-efficient office culture. Moving forward, the Group remains committed to this target, while recognising operational needs, we aim to maintain a lower level of paper consumption intensity and foster a paper-efficient workspace as part of our broader sustainability efforts.

During the Year, to the best of our knowledge, the Group did not experience any non-compliance issues in relation to laws and regulations that relate to discharges into water and land, and generation of hazardous and non-hazardous waste including but not limited to the Waste Disposal Ordinance (Cap. 354).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Resources

The Group is committed to promoting responsible resource management and integrating environmental considerations into its daily operations. The Group adopts the "4Rs" principle – Reduce, Reuse, Recycle and Replace – as a guiding framework to improve resource efficiency across its offices and project sites.

To reduce resource consumption, the Group encourages employees to minimise the use of paper, electricity and other resources. The Group promotes a paperless working environment by encouraging the use of electronic communication and digital documentation where practicable. Employees are also reminded to switch off lights, computers, printers and other electrical equipment when not in use. When replacing office equipment, the Group considers energy-efficient options to reduce electricity consumption. At project sites, the use of natural lighting and ventilation is encouraged where feasible. Recycling practices are implemented within the Group's offices through designated collection points for recyclable materials, including paper. The Group also considers energy efficiency when replacing outdated equipment and supports the adoption of more sustainable alternatives where appropriate. The Group promotes the reuse of resources by encouraging employees to reuse single-sided printed paper for internal purposes, provided that the documents do not contain confidential information. Documents containing sensitive information are securely disposed of through appropriate procedures.

During the Year, the Group's resource and energy usage remained comparatively a steady level. The Group remains committed to optimizing energy efficiency across all operations. Moving forward, the Group aims to maintain or reduce its energy consumption intensity across each fuel and electricity category. To support this target, we will continue to implement operational controls, optimize machine utilization schedules, and maximize the use of natural lighting where feasible.

The Group's water consumption is limited. At construction sites, water is mainly provided and managed by the main contractors for purposes such as sanitation, while water supply at the head office is managed by the property management office. As the Group does not directly control water sourcing or consumption at these locations, water efficiency targets and performance indicators are not considered applicable.

Due to the nature of the Group's construction and machinery rental operations, the Group does not directly use or manage significant packaging materials. Therefore, packaging-related consumption and reduction indicators are not applicable to the Group's operations.

Through the implementation of the 4Rs principle, the Group continues to promote efficient use of resources, reduce unnecessary consumption and support sustainable practices within its business operations.

During the Year, the resources consumed is as follows:

Use of resources	Unit	2026	2025
Direct energy consumption – Diesel	L	**4,796,067**	4,438,253
	L/million HK$ revenue	**5,701**	4,857
Direct energy consumption – Petrol	L	**3,301**	2,383
	L/million HK$ revenue	**4**	3
Indirect energy consumption	kWh	**7,616**	7,476
– Electricity	kWh/million HK$ revenue	**9**	8

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environment and Natural Resources

The Group is committed to conducting its construction activities in an environmentally responsible manner. All construction operations are carried out in compliance with applicable environmental laws and regulations, as well as the policies and procedures established under the Group's ISO 14001:2015 Environmental Management System certification.

While GHG emissions are an important environmental consideration, the Group also recognises that construction activities may generate other environmental impacts, including noise, dust, construction waste and wastewater. To minimise these impacts, the Group has implemented various control measures in accordance with regulatory requirements and industry practices.

Noise Pollution

Noise generated by construction equipment and vehicle operations can significantly affect nearby residents and workers. To mitigate this, the Group strictly adheres to the Noise Control Ordinance (Cap. 400, Laws of Hong Kong). All construction activities carried out by the Group and its subcontractors are regulated through Construction Noise Permits (CNPs) issued by the Environmental Protection Department (EPD). Use of powered mechanical equipment is prohibited between 7 p.m. and 7 a.m., and during public holidays, including Sundays, unless a valid CNP is obtained. These controls effectively manage noise disturbances to protect community well-being.

Dust Management

The Group takes proactive steps to mitigate broader physical environmental impacts on surrounding neighborhoods, such as dust emissions. During excavation, drilling, and material handling, the Group implements regular watering, uses dust screens, and ensures that dusty materials are properly covered. The Group also monitors the boundaries of our project locations to minimize dust dispersion.

Construction Waste

The Group is committed to reducing construction waste through careful planning and design to avoid unnecessary waste generation. We also prioritize the reuse of materials whenever possible. When waste is produced, site agents ensure it is handled and disposed of properly, promptly, and in accordance with environmental regulations to prevent pollution or illegal dumping. These efforts help reduce the environmental impact of our projects.

Wastewater Pollution

Although wastewater generation during our operations is minimal, the Group takes proactive steps to manage it responsibly. Site agents follow the main contractor's guidelines to control wastewater. Each construction site is equipped with a collection basin to capture and manage wastewater and runoff, preventing contamination of surrounding soil and water.

Through these targeted measures, the Group strives to uphold high environmental standards and continuously improve its sustainability performance throughout the construction process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE CHANGE

The Group recognises that climate change may create potential risks and opportunities that could affect its business operations and long-term development. The Group continues to monitor climate-related developments and considers relevant climate-related factors in its sustainability management approach.

Governance

The Board of Directors has overall responsibility for overseeing the Group's ESG matters, including climate-related issues. The Board provides strategic direction, oversees the identification and management of climate-related risks and opportunities, and reviews significant climate-related matters and disclosures. The Board reviews the Group's climate performance, target and risk profile at least once a year. To support effective oversight, Board members keep abreast of evolving sustainability guidelines and regulatory requirements through regular training updates. Where additional expertise or capacity is required, the Group will consider arranging external consultants to provide dedicated training sessions to ensure the Board maintains the necessary capabilities to fulfill its oversight duties. Currently, climate-related performance metrics are not linked to the remuneration policies of the Board or senior management.

Management is responsible for supporting the Board in implementing the Group's ESG strategies and climate-related initiatives. Management coordinates relevant actions across departments, monitors climate-related developments, reviews related risks and opportunities and mitigation measures, and reports significant matters to the Board. Management actively reviews the progress of data collection, the tracking of target and ensures that critical transition and physical climate risks and opportunities are embedded into the corporate risk management framework.

The operation departments are responsible for implementing climate-related measures in daily operations. Their responsibilities include monitoring operational activities that may contribute to climate-related risks, collecting relevant environmental data, such as energy consumption and GHG emissions data, implementing resource efficiency measures, and reporting relevant information and operational concerns to management.

Through this governance structure, the Group ensures that climate-related responsibilities are appropriately assigned across different levels of the organisation, supporting effective oversight, risk management and continuous improvement of climate-related practices.

Risk Management

The Group considers climate-related risks and opportunities as part of its overall risk management approach. The Group has established a process to identify, assess, prioritise and monitor climate-related matters that may affect its operations, supply chain and business continuity. This process covers all businesses within the Group's operational scope in Hong Kong, which is also the principal place of our operations. The processes used by the Group remain consistent with the previous reporting period with no significant procedural changes.

Climate-related risks are identified through internal discussions among management and relevant operational departments, taking into consideration factors including the Group's business nature, construction activities, machinery operations, energy consumption, GHG emissions, extreme weather events, regulatory developments and operational experience. Feedback and observations from operational teams are also considered in identifying potential climate-related risks and opportunities.

The identified climate-related risks and opportunities are assessed based on their potential impact on the Group's operations, including the nature of the impact, likelihood of occurrence and potential magnitude of consequences. Management evaluates the significance of each risk by considering factors such as potential disruption to operations, worker safety, project delivery, compliance obligations, financial impact and reputation.

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Climate-related risks are prioritised based on their potential severity and likelihood, together with the Group's existing risk management framework. Risks with higher potential impacts or greater likelihood of occurrence will receive greater management attention and appropriate mitigation measures. Climate-related risks are considered alongside other operational, financial and compliance risks to ensure an integrated approach to risk management.

The monitoring of climate-related risks and opportunities performed by management and relevant departments through ongoing review of operational conditions, regulatory developments and environmental performance. Where necessary, mitigation measures are implemented to enhance operational resilience and business continuity.

During the Year, the Group has not conducted a formal climate-related scenario analysis, taking into consideration its current available operational scale, specialized skills, and tracking capabilities. Consequently, no specific data inputs, time horizons, or quantitative resilience models under international climate pathways were evaluated for the current reporting period.

The Board of Directors has reviewed this approach and determines that the Group's current strategy and business model remain highly resilient and stable under baseline operational conditions. We will continue to evaluate our climate exposure and assess the feasibility of introducing appropriate scenario analysis in future reporting periods as our risk management practices and internal resources develop.

Climate-related risks and opportunities

The Group recognises that climate change may present potential risks and opportunities that could affect its business operations, supply chain and long-term development. The Group is committed to enhancing its understanding of climate-related matters by identifying relevant physical and transition risks, assessing their potential impacts and implementing appropriate measures to strengthen operational resilience and support sustainable development.

Climate-related Risk Type/Opportunities	Time Horizon	Risk/ Opportunities Description	Potential Impact	Mitigation/ Realisation Measures
Physical Risk – Acute Weather Events	Short-term to Medium-term	Extreme weather conditions, including rainstorms and typhoons, may affect construction site operations and disrupt supply chain logistics.	Severe weather events may result in project delays, operational disruptions, safety risks to workers and potential impacts on the availability of materials and equipment, leading to increased labor costs and potential liquidated damages for late project delivery.	The Group has established emergency work arrangements in accordance with relevant laws and regulations to safeguard worker safety and maintain operational stability during adverse weather conditions. The Group also reviews and maintains a list of qualified alternative suppliers to reduce potential supply chain disruptions.

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Climate-related Risk Type/Opportunities	Time Horizon	Risk/ Opportunities Description	Potential Impact	Mitigation/ Realisation Measures
Physical Risk – Chronic Weather Changes	Medium-term to Long-term	Prolonged heatwaves and rising temperatures may increase health and safety risks for outdoor workers involved in construction activities.	Higher temperatures may affect workers' health, productivity and site operating conditions, resulting in potential increases in medical expenses, and project cost overruns due to lowered labor productivity.	Construction sites are equipped with shaded rest areas, adequate drinking water and scheduled rest breaks to support workers' health and safety during periods of extreme heat.
Transition Risk – Regulatory and Policy Changes	Short-term to Medium-term	Changes in environmental and climate-related regulations may increase compliance requirements, including GHG emissions reporting, environmental standards and operational controls.	New regulatory requirements may increase compliance costs, machinery upgrade expenditures and require adjustments to operational practices.	The Group continuously monitors relevant regulatory developments and market trends to facilitate timely compliance and assess potential impacts on its operations.
Climate-related Opportunity – Operational Efficiency	Medium-term to Long-term	Improving energy efficiency and resource management may create opportunities to reduce operating costs and enhance sustainability performance.	More efficient use of resources may improve operational effectiveness and support long-term business resilience, directly lowering fuel and electricity costs.	The Group continues to explore practical measures to improve resource utilisation, reduce unnecessary consumption and enhance environmental performance.

For the purpose of assessing climate-related risks and opportunities, the Group defines the relevant time horizons as follows:

- Short-term: Within 10 years, reflecting near-term operational considerations, business planning cycles and foreseeable regulatory developments.
- Medium-term: Between 10 and 30 years, reflecting potential changes in climate conditions, regulatory expectations and market developments over a longer planning period.
- Long-term: Beyond 30 years, reflecting broader climate trends and potential long-term impacts on the Group's business operations and resilience.

The Group adopts these time horizons based on its current operational scale, risk management practices and business planning considerations.

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At this early stage of our climate assessment, the Group has not provided quantitative data on the current or anticipated financial effects of climate-related risks and opportunities. These specific effects are not separately identifiable within our existing systems, and estimating them involves high measurement uncertainty. Qualitatively, any potential long-term climate impacts are limited strictly to our immediate business model rather than our broader value chain. Based on current operational reviews, there is no significant risk of material adjustments to the carrying amounts of our assets or liabilities within the next reporting period.

The Group manages these climate-related risks and opportunities by embedding practical mitigation and adaptation measures directly into our daily operations, safety guidelines, and procurement monitoring. This drives our resource allocation toward regulatory compliance and cost-effective resource efficiency. While these operational controls support our resilience, the Group does not maintain a formal climate-related transition plan.

Emission Performance

GHG emission	Unit	2026	2025
Scope 1 – Fuel combustion	Tonne	**12,545**	11,604
Scope 2 – Purchased electricity	Tonne	**3**	3
Total GHG emissions (Scope 1 and 2)	Tonne	**12,548**	11,607
Total GHG emissions intensity[1] (Scope 1 and 2)	Tonne/million HK$ revenue	**15**	13
Scope 3 – Other indirect emission[3,4]			
Category 1 – Purchased Goods and Services[5]	Tonne	**11,046**	N/A
Category 13 – Downstream Leased Assets[5]	Tonne	**2,985**	N/A
Total Scope 3 emissions[3]	Tonne	**14,031**	N/A

Note:

1 During the Year, the Group's total revenue was approximately HK$841.3 million (2025: approximately HK$913.8 million). The data will also be used for calculating other intensity data.

2 The methodology adopted for reporting on greenhouse gas emissions set out above was based on "How to Prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

3 For the year ended 31 March 2025, the Group's Scope 3 GHG emissions included 3 tonnes of CO_2 equivalent (tCO_2e) from paper waste disposal and 2 tCO_2e from business air travel, which was calculated using the International Civil Aviation Organization carbon emissions calculator. During the Year, the Group expanded its Scope 3 tracking boundary in accordance with the GHG Protocol to include several categories explained below. Consequently, due to this expansion in reporting scope, the Scope 3 emission data between the two reporting periods is not directly comparable.

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[4] During the Year, the Group expanded its Scope 3 GHG reporting boundary to enhance climate transparency. The updated scope includes Category 1: Purchased Goods and Services (covering the upstream emission from procurement of primary construction materials and outsourced subcontracting services) and Category 13: Downstream Leased Assets (covering the emission from operation of construction machinery owned by the Group and leased out to customers). The Group conducted a comprehensive screening exercise across all 15 Scope 3 categories defined under the GHG Protocol. Remaining categories are excluded from current disclosure because they are either not applicable to the Group's business model, represent an insignificant share of total emissions, or face inherent data collection limitations. The Group will continue to evaluate and refine its data collection capabilities for these excluded categories in future reporting cycles.

[5] Data calculation methodology:

For Category 1 (Purchased Goods and Services): The Group utilizes a hybrid accounting approach. Where material quantities are available, emissions are calculated by multiplying specific procurement volumes by the corresponding emission factors from the UK Government GHG Conversion Factors for Company Reporting (DEFRA, 2025). Where material quantities are unavailable, a spend-based method is applied, multiplying the financial expenditure by industry-specific emission factors derived from the US Environmentally-Extended Input-Output (USEEIO) Model. Emissions from outsourced subcontracting services are also calculated using the spend-based method under the USEEIO Model.

For Category 13 (Downstream Leased Assets): Emissions from downstream leased assets are calculated using a spend-based method, where the financial revenue derived from leasing out our construction machinery is multiplied by the corresponding machinery and equipment industry emission factors from the USEEIO Model.

GHG Reduction Target

The Group has set a quantitative intensity target aimed at climate change mitigation. The objective is to optimize resource consumption and systematically lower our GHG footprint. This target is established voluntarily to align with best practices, as the Group is not subject to any mandatory emissions reduction targets under current local laws or regulations. The metric used to calculate and monitor progress is the financial emissions intensity, defined as tonnes of carbon dioxide equivalent per million Hong Kong Dollars of revenue (tCO_2e/HK$ million revenue).

The target applies to the Group in its entirety, covering 100% of our operations, site activities, and machinery rental fleet within Hong Kong. The target applies over a five-year period, requiring a 5% reduction in intensity by the financial year ending 31 March 2031. The financial year ended 31 March 2026 serves as the historical baseline period from which all progress is measured. The target was established based purely on internal operational efficiency goals and baseline capacities; it was not directly informed by or modeled after international climate agreements or specific jurisdictional net-zero commitments.

The target covers Scope 1 and Scope 2 GHG emissions in their entirety. Scope 3 emissions are currently excluded from this specific reduction target as we have recently expanded our tracking boundary. This is a gross GHG emissions target focused on reducing actual emissions across our sites and offices; it was derived using internal historical energy profiles rather than a Sectoral Decarbonisation Approach (SDA). Consequently, the Group plans zero use of carbon credits, offsets, or third-party carbon removal schemes to achieve its 2031 climate strategy. Neither the target nor its baseline methodology has been validated by an independent third party. Ultimate responsibility for setting and reviewing our climate targets rests with the Board, which evaluates annual progress data collected by management to ensure operational alignment and determine if structural business shifts require target revisions. To date, no revisions have been made to the target or its timeline. Moving forward, the Group will use annual energy bills and fuel logs as the primary metrics to monitor progress.

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Other Climate-Related Information

The Group considers climate-related risks within its standard risk management processes. At this stage, quantifying the specific amount or percentage of assets vulnerable to transition or physical risks – or those aligned with climate-related opportunities – would require undue cost and effort. Given that our assessed climate-related physical and transition risk levels are not high under current conditions, the Group has not deployed or earmarked specific amounts of capital expenditure, financing, or targeted investments toward climate-related risks or opportunities during the Year.

The Group does not apply an internal carbon price to its business activities, investment decisions, transfer pricing, or financial scenario analysis. We focus entirely on direct energy consumption reduction metrics rather than internal monetary carbon accounting.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group recognises that employees are a key driver of its long-term success and sustainable development. To support workforce stability and employee engagement, the Group has established a comprehensive employment management framework supported by its staff handbook and internal control procedures. The framework covers key employment matters, including recruitment, remuneration, promotion, working hours, rest periods, employee benefits and termination arrangements.

The Group is committed to maintaining a fair, transparent and merit-based approach throughout the employee lifecycle. Recruitment and promotion decisions are made based on candidates' qualifications, experience, skills and performance, without discrimination on the basis of gender, age, race, ethnicity, religion or other factors unrelated to job requirements. The Group also promotes equal opportunity principles and provides relevant guidance and training to employees to enhance awareness of anti-discrimination practices.

To support employee development and retention, the Group conducts regular performance reviews to provide feedback, recognise employee contributions and identify areas for improvement and career development. The Group also encourages open communication between employees and management, allowing employees to share feedback, suggestions and views to promote a positive and collaborative working environment.

The Group values feedback from departing employees and conducts exit interviews where appropriate to understand reasons for resignation and identify opportunities to improve employment practices. The Group does not tolerate unlawful or unfair dismissal. Any termination of employment is handled in accordance with applicable laws, internal policies and proper procedures.

As at 31 March 2026, the Group employed 613 employees (2025: 421), all of whom were based in Hong Kong. The workforce comprises both office and site personnel, with the workforce composition presented in the table below.

Given the nature of the Group's construction business and its role as a subcontractor, the workforce mainly consists of operational and junior-level employees. Consistent with industry characteristics, male employees represent the majority of the workforce due to the physical requirements of certain site-based roles. Nevertheless, the Group remains committed to promoting an inclusive workplace, ensuring equal opportunities in recruitment, training and career development, and supporting employees through appropriate training opportunities and competitive employment conditions.

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The table below set out our workforce composition:

	2026		2025	
	No. of staff	Distribution (%)	No. of staff	Distribution (%)
Gender				
Male	576	94%	398	95%
Female	37	6%	23	5%
Age Group				
18–25	18	3%	8	2%
26–35	98	16%	68	16%
36–45	154	25%	84	20%
46–55	185	30%	101	24%
56–65	129	21%	132	31%
66 or above	29	5%	28	7%
Employment type				
Full time staff	58	9%	64	15%
Casual staff	555	91%	357	85%

During the Year, the Group's employee turnover rate for full time staffs was about 29% (2025: 22%). Since the casual workers leave and re-join the Group frequently during the Year, the turnover rate for them is not meaningful for disclosure. The turnover rate for full time employees which is categorized by gender and age group as follows:

2026:

Gender		Age Group					
Male	Female	18–25	26–35	36–45	46–55	56–65	>66
32%	18%	100%	11%	24%	50%	40%	100%

2025:

Gender		Age Group					
Male	Female	18–25	26–35	36–45	46–55	56–65	>66
19%	36%	–	19%	20%	45%	14%	–

During the Year, the Group's total employee turnover rate rose moderately from 22% to 29%, which remains within a manageable operational range. The higher turnover percentages recorded in the 18–25 and above 66 age brackets are due to low baseline headcount numbers in those specific categories. In terms of actual volume, only one full-time employee departed from each of these two age groups during the Year, causing the category percentages to appear mathematically high despite overall workforce stability.

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We fully comply with all applicable employment-related legislation in Hong Kong, including the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282), Personal Data (Privacy) Ordinance (Cap. 486), Sex Discrimination Ordinance (Cap. 480), and Disability Discrimination Ordinance (Cap. 487). These laws form the foundation of our commitment to lawful, ethical, and inclusive employment practices.

For the Year, the Group did not notice of non-compliance in laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Health and Safety

The Group recognizes that robust occupational health and safety ("OHS") protocols are fundamental to operational resilience and workforce protection. Given the inherent risks of the construction sector, including working at height, heavy equipment utilization, and dynamic site environments, we maintain a comprehensive risk-mitigation framework. Our safety mandate strictly encompasses all direct employees, workers, and subcontractors.

To systematically address these operational risks, the Group operates a comprehensive OHS management system certified to the international ISO 45001:2018 standard. The system is supported by safety policies, emergency response procedures, and training programmes, which are regularly reviewed and updated to ensure alignment with applicable legal requirements and industry practice.

The Group requires all workers and subcontractors to comply with safety requirements and properly use appropriate Personal Protective Equipment ("PPE"), including safety helmets, safety harnesses, earplugs, protective goggles, dust masks, gloves, safety footwear and reflective vests. Safety training programmes are provided to employees, particularly frontline and high-risk personnel, covering safe working practices, emergency response procedures and proper use of PPE.

To strengthen on-site safety management, the Group has appointed an Assistant Safety Officer ("ASO") to support the implementation and monitoring of safety measures. The ASO is responsible for conducting site risk assessments, providing safety briefings and induction training, monitoring workplace safety conditions, and coordinating emergency and incident reporting. Regular safety reviews are conducted for both office and site operations to assess the effectiveness of safety measures and identify areas for improvement.

Potential hazards identified through routine safety inspections and risk assessments are systematically reviewed alongside key site personnel, including site agents and supervisors, to formulate target corrective and preventive measures. The Group also maintains proactive communication channels with main contractors to identify site-specific risks and deploy critical safety controls in a timely manner. This continuous oversight is reinforced by regular safety meetings, scheduled site inspections, and comprehensive awareness initiatives, such as pre-work briefings, safety announcements, prominent warning signs, and dedicated information boards, all designed to embed occupational health and safety as a shared organizational responsibility.

During the Year, the Group resolved two non-compliance matters following investigations by the Labour Department. These involved operational safety protocols during excavator soil stockpiling works and a delayed written notification regarding a mechanical equipment failure. The Group has settled the corresponding fines, strengthened its on-site supervisory and reporting procedures, issued formal warning letters to the involved workers, and conducted targeted training on these specific operational areas to strictly prevent reoccurrence. Moving forward, the Group will continue to work diligently to provide a safe and secure working environment for all personnel.

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The statistics of lost days due to work injury and work-related fatalities are as below:

Occupational health and safety statistics	2026	2025
Number of work injuries	3	9
Number of lost days due to work injury	336	1,671

	2026	2025	2024
Number of work-related fatalities	Nil	1	Nil

During the Year, apart from above mentioned, the Group did not aware of any non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. The Group will continue to optimize its work practices to ensure the health and safety of its staff, with the goal of creating a safe, healthy, and comfortable working environment.

Training and Development

The Group actively fosters an environment of continuous learning and professional advancement, empowering employees at all levels to expand their capabilities and drive collective organizational growth. Our talent development strategy balances specialized technical expertise, core professional competencies, and essential operational safety. Given our operational landscape, specialized emphasis is placed on cultivating a proactive safety culture. Workforce training covers critical protocols such as workplace hazard identification, safe manual handling techniques, and correct PPE utilization.

Our comprehensive induction program serves as the baseline for all incoming personnel:

- On-Site Personnel: Before commencing any field operations, all on-site personnel must complete an induction training program that outlines key health and safety protocols, supplemented by regular safety toolbox talks.

- Corporate Staff: New office employees participate in an introductory track detailing the Group's corporate structure, mission, operational policies, and performance expectations.

The Group is committed to providing equal access to both internal and external training opportunities. We support employee self-development and aim to help all staff grow in their careers. In addition to the induction program, various training courses were offered throughout the year. During the Year, 19% of employees (2025: 37%) received training, with an average of 1.56 training hours per employee (2025: 2.02 hours).

	2026		2025	
	Training distribution (%)	Average training hours	Training distribution (%)	Average training hours
Gender				
Male	97%[1]	1.64	99%[1]	2.02
Female	3%	0.32	1%	2.09
Employment Category				
Senior	2%	40.04	2%	15.50
Middle	2%	1.53	2%	0.92
Entry	96%	1.17	96%	1.85

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Note:

1 Due to our business nature, male employees are normally the majority in our workforce. The training arranged was based on the occupational needs for employee. The Group does not have bias towards gender when arranging training.

Labour Standards

The Group is committed to upholding lawful and ethical labour practices and strictly prohibits any form of child labour, forced labour and unlawful employment within its operations. The Group has established relevant human resources policies and recruitment procedures to ensure compliance with applicable employment laws and regulations in Hong Kong.

Prior to commencement of employment, all employees are required to enter into a formal employment contract which clearly sets out the terms and conditions of employment, including job responsibilities, working hours, remuneration and benefits. This process ensures transparency and helps safeguard employees' rights.

To prevent the employment of child labour and illegal workers, the Group has implemented verification procedures during the recruitment process. The Human Resources department is responsible for reviewing and verifying employees' identity documents and relevant employment eligibility information before employment is confirmed. These procedures apply to employees working in both office and construction site operations.

The Group adopts a zero-tolerance approach towards forced labour, including any form of involuntary work, coercion or restriction of employees' freedom. Employees are not required to provide any unlawful payment or deposit as a condition of employment, and employment arrangements are conducted in accordance with applicable laws and regulations.

For construction operations, the Group communicates relevant labour requirements to site personnel and subcontractors to promote compliance with applicable labour standards. The Group expects its business partners and subcontractors to maintain responsible employment practices and comply with relevant legal requirements.

In the event that any suspected violation of child labour, forced labour or illegal employment is identified, the Group will take immediate action, including investigation of the matter, termination of the relevant employment arrangement where appropriate, and implementation of corrective measures to prevent recurrence.

Through these measures, the Group continues to uphold responsible labour practices and protect the fundamental rights and well-being of its workforce.

During the Year, the Group did not aware of any non-compliance with relevant laws and regulations relating to preventing child and forced labour.

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OPERATING PRACTICES

Supply Chain Management

The Group views its supply chain partners as strategic collaborators essential to the sustainable growth and long-term success of its operations. To ensure that goods and services consistently meet required standards, robust quality control procedures are implemented throughout the supply chain. As of 31 March 2026, the Group maintained business relationships with 177 suppliers and subcontractors (2025: 216), comprising 176 base in Hong Kong and 1 base in the PRC.

The Group upholds a rigorous supplier and subcontractor management framework. When engaging new suppliers or subcontractors, a comprehensive due diligence process is conducted. In addition to assessing product and service quality, financial stability, past performance, and delivery record, the evaluation also considers each candidate's environmental and occupational health and safety practices. Factors such as emissions, waste management, noise levels, and worker safety are carefully reviewed. Preference is given to suppliers and subcontractors who hold certifications or accreditations demonstrating a commitment to environmental and social responsibility. Those found to have a history of non-compliance with environmental or safety regulations are deprioritized during the selection process.

Subcontractor performance is closely supervised at the project level. Dedicated on-site personnel are assigned to each construction site to monitor compliance with the Group's standards, particularly in relation to environmental protection and social responsibility. Any non-compliance or deficiencies identified are documented and communicated to the relevant subcontractors, who are required to implement corrective actions. Subcontractors that fail to meet the Group's standards may be subject to reduced workloads, contract suspension, or replacement.

To systematically identify and mitigate embedded environmental and social risks, the Group proactively monitors its supply chain operations. All suppliers and subcontractors undergo structured annual performance evaluations alongside regular compliance tracking to ensure adherence to contractual obligations, as well as environmental and social regulations. This risk management framework is anchored by an ISO 9001:2015-certified quality management system, under which only verified vendors on the Group's approved list are eligible to provide goods or services. Additionally, raw materials are tested by certified laboratories or third-party agencies where necessary to guarantee quality and environmental suitability.

Recognizing the environmental and social impacts inherent to the supply chain, the Group places a strong emphasis on responsible sourcing practices. The procurement team carefully evaluates the necessity of each purchase order to eliminate excessive consumption at the source. Furthermore, the Group systematically prioritizes local procurement where possible, effectively reducing transportation-related emissions and contributing to a smaller carbon footprint.

Through these measures, the Group aims to build a compliant and sustainable supply chain that aligns with its broader ESG objectives.

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Product Responsibility

The Group recognises that maintaining strong relationships with customers is essential to long-term business sustainability. Customer feedback and communication provide valuable insights for improving service quality, project execution and customer satisfaction. The Group maintains regular communication channels with customers to understand their requirements, address enquiries and resolve issues in a timely manner. During the Year, the Group did not receive any complaints relating to its construction services or machinery rental services.

To ensure the quality and reliability of its services, the Group has established quality management practices throughout the project and service delivery process. The Group is committed to complying with applicable laws, regulations and industry requirements in Hong Kong, while maintaining appropriate licences and certifications for its operations. These include the Certificate of Test and Thorough Examination of Lifting Appliances issued by the Labour Department and, where applicable, compliance with Non-Road Mobile Machinery ("NRMM") emission requirements regulated by the Environmental Protection Department. Machinery and vehicle operators are required to hold relevant licences and registrations issued by the Construction Workers Registration Board under the Construction Industry Council.

The Group's quality management approach is supported by internationally recognised management systems, including ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. These systems provide a structured framework for managing service quality, environmental impacts and workplace safety. The Group also engages qualified personnel and works with reliable suppliers to ensure the consistency and quality of construction materials and services.

Quality control is implemented throughout the project lifecycle. Before commencement of works, project planning meetings are conducted to review project scope, identify potential risks, allocate resources and establish project schedules. During project execution, Project Managers monitor work progress, quality requirements, regulatory compliance and customer expectations. Regular project meetings and site inspections are conducted to review performance, address issues and implement improvement measures where necessary.

For machinery rental operations, the Group performs regular checks and maintenance of machinery to ensure equipment reliability and safe operation. Equipment conditions are monitored before and during rental periods, and maintenance records are maintained where appropriate to support operational safety and service quality.

The Group provides ongoing technical and operational training to employees and subcontractors to enhance their capability and ensure that work is performed in accordance with applicable requirements. Feedback received from customers and stakeholders is reviewed and considered in improving the Group's service standards and operational practices.

To protect customer information and maintain data confidentiality, employees are required to comply with internal procedures regarding the handling and protection of sensitive information. Customer and personal data are only accessible by authorised personnel and are protected through appropriate security measures, including password protection and controlled access.

The Group respects intellectual property rights and requires employees to comply with relevant requirements relating to the use of software, information and other intellectual property. Employees are prohibited from using or distributing unauthorised software or materials without proper approval.

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The Group promotes its services through its official website and relevant industry platforms. The Group ensures that information disclosed regarding its construction and machinery rental services is accurate, clear and not misleading, in compliance with the Trade Descriptions Ordinance (Cap. 362). Website information is reviewed periodically to ensure its accuracy and suitability.

Due to the nature of the Group's business, which mainly involves construction services and machinery rental rather than the sale of consumer products, product recall procedures relating to health and safety issues are not applicable.

The Group did not have any instances of non-compliance with relevant laws and regulations concerning health and safety, advertising, labelling, or privacy matters related to its products and services during the Year.

Anti-Corruption

The Group is committed to conducting business with integrity, fairness and high ethical standards. The Group complies with all applicable laws and regulations in Hong Kong and has established governance frameworks to promote ethical conduct and prevent corruption and misconduct.

To support effective governance, the Group has implemented internal policies and procedures, including its staff handbook and internal control manual, which set out the Group's anti-corruption requirements and whistleblowing procedures. These requirements apply to all directors, management and employees, who are expected to maintain professional conduct and comply with applicable ethical standards in their daily activities.

The Group adopts a zero-tolerance approach towards fraud, bribery, corruption and other unethical conduct. To encourage the reporting of suspected misconduct, the Group has established a whistleblowing mechanism that allows employees and relevant parties to raise concerns confidentially and without fear of retaliation. A dedicated email channel is maintained for reporting purposes and is monitored by the Audit Committee. All reported cases are handled with due confidentiality and investigated in a timely and appropriate manner. Any person who attempts to obstruct an investigation or prevent the reporting of misconduct may be subject to disciplinary action, including termination of employment where appropriate.

During the Year, the Group provided anti-corruption awareness training to Directors and senior management through the sharing of relevant guidance materials and best practices on anti-corruption matters. Related topics were also communicated during regular meetings to strengthen awareness and reinforce the importance of maintaining an ethical corporate culture.

The Group will continue to review and enhance its anti-corruption practices to uphold transparency, accountability and integrity throughout its operations.

To the best of our understanding, there was no concluded legal cases regarding corrupt practices brought against us or our employee during the Year. Also, the Group did not aware of any non-compliance of relevant laws and regulations in relation to bribery, extortion, fraud and money laundering during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY INVOLVEMENT

The Group recognises the importance of contributing to the communities in which it operates and is committed to supporting initiatives that create positive social value. The Group continues to explore opportunities to participate in community activities and provide support to organisations and programmes that contribute to social well-being.

During the Year, the Group made a cash donation of HK$5,000 to the Lions Kidney Educational Centre and Research Foundation to support its community services and initiatives related to kidney health education and public awareness. Through this contribution, the Group aims to support meaningful community efforts and promote greater awareness of health-related issues.

The Group believes that responsible corporate citizenship extends beyond business operations. Moving forward, the Group will continue to identify suitable opportunities to engage with local communities and support initiatives that align with its commitment to social responsibility and sustainable development.

INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF PROGRESSIVE PATH GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Progressive Path Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 63 to 129, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

REVENUE RECOGNITION FROM CONSTRUCTION WORKS

Refer to note 7 to the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 March 2026, the Group recognised revenue from construction works of approximately HK$621,679,000. As stated in note 3 to the consolidated financial statements, the Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the accumulated actual cost incurred to date over the total budgeted contract cost. Accordingly, revenue recognition from construction works involves a significant degree of management estimates and judgements, with estimates being made to assess the total budgeted contract cost and stage of completion of the contracts. We have identified the revenue recognition from construction works as a key audit matter because the amount is significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group.	Our audit procedures were designed to review the management's assessment, and its estimates and judgements used in the revenue recognition from construction works. We have discussed with the project managers and the management of the Group and sample checked the supporting documents, such as construction contracts, variation orders and payment certificates to assess the reasonableness of the management's estimation of the budgeted revenue and total budgeted contract cost. We have recalculated the percentage of completion based on accumulated actual cost incurred to date over the total budgeted contract cost. We have assessed the reliability of management's assessment in total budgeted contract cost by considering the historical actual costs and estimation of total budgeted contract cost of completed projects.

INDEPENDENT AUDITOR'S REPORT

LOSS ALLOWANCE ON TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to notes 18 and 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2026, the carrying amounts of the Group's trade receivables and contract assets are approximately HK$242,342,000 and HK$134,551,000, net of accumulated loss allowance on trade receivables and contract assets of approximately HK$31,090,000 and HK$2,126,000, respectively. There are reversal of loss allowance on trade receivables and provision for loss allowance on contract assets of HK$2,003,000 and HK$300,000, respectively, during the year ended 31 March 2026. In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group and the independent valuer used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. We have identified the loss allowance on trade receivables and contract assets as a key audit matter because the carrying amounts of trade receivables and contract assets are significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group and the independent valuer.	Our audit procedures were designed to review the management's assessment, including its estimates and judgement adopted in the ECL model for the loss allowance on trade receivables and contract assets. We have obtained an understanding of the methodology for the ECL model, development processes and its relevant controls, through review of documentation, discussion with management of the Group and independent valuer. We have also assessed the reasonableness of judgements and estimates made by the management of the Group and independent valuer on model adoption and parameters selection. We have examined the key data inputs in the ECL model on a sample basis to assess their accuracy and reasonableness.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong
29 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	7	**841,321**	913,784
Cost of sales		**(809,759)**	(850,349)
Gross profit		**31,562**	63,435
Other income	8	**18,652**	6,478
Administrative expenses		**(22,710)**	(25,328)
Reversal of (provision for) loss allowance on trade receivables, net	18	**2,003**	(4,084)
Provision for loss allowance on contract assets, net	19	**(300)**	(284)
Finance costs	9	**(6,185)**	(10,750)
Profit before taxation		**23,022**	29,467
Income tax (expense) credit	10	**(2,635)**	4,632
Profit and total comprehensive income for the year attributable to the owners of the Company	11	**20,387**	34,099
Earnings per share	16		
– Basic and diluted (HK cents)		**4.91**	8.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	17	150,399	178,568
Deposits paid for acquisition of property, plant and equipment		–	2,833
		150,399	181,401
Current assets			
Trade receivables	18	242,342	257,012
Contract assets	19	134,551	91,270
Deposits, prepayments and other receivables	20	34,203	30,443
Income tax recoverable		318	239
Pledged bank deposit	21	8,000	–
Bank balances and cash	22	35,991	30,396
		455,405	409,360
Current liabilities			
Trade and other payables	23	177,431	170,941
Amount due to a director	24	–	7,400
Bank borrowings	25	69,807	59,312
Lease liabilities	26	21,211	36,658
		268,449	274,311
Net current assets		186,956	135,049
Total assets less current liabilities		337,355	316,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current liabilities			
Lease liabilities	26	18,934	21,051
Deferred tax liabilities	27	7,323	4,688
		26,257	25,739
Net assets		311,098	290,711
Capital and reserves			
Share capital	28	20,750	20,750
Reserves		290,348	269,961
Total equity		311,098	290,711

The consolidated financial statements on pages 63 to 129 were approved and authorised for issue by the board of directors on 29 June 2026 and are signed on its behalf by:

Wu Wing Hang
Director

Chan Tak Ming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (Note)	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total** HK$'000
At 1 April 2024	20,750	150,941	35,457	49,481	256,629	(17)	256,612
Profit and total comprehensive income for the year	–	–	–	34,099	34,099	–	34,099
Deregistration of a non-controlling interest	–	–	–	(17)	(17)	17	–
At 31 March 2025 and 1 April 2025	**20,750**	**150,941**	**35,457**	**83,563**	**290,711**	**–**	**290,711**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**20,387**	**20,387**	**–**	**20,387**
At 31 March 2026	**20,750**	**150,941**	**35,457**	**103,950**	**311,098**	**–**	**311,098**

Note: Other reserve represented the retained profits in respect of the construction machinery rental business (the "Construction Machinery Rental Business") contributed from the controlling shareholder prior to the transfer of business to the Company and its subsidiaries (collectively referred to as the "Group"). Since 1 April 2015, the Construction Machinery Rental Business has been transferred from the controlling shareholder to Luen Yau Construction Company Limited ("Luen Yau Construction"), a subsidiary of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	23,022	29,467
Adjustments for:		
Government grants	(681)	(714)
Interest income from life insurance	(1,095)	(538)
Gain on disposal of property, plant and equipment	(15,050)	(1,900)
(Reversal of) provision for loss allowance on trade receivables	(2,003)	4,084
Provision for loss allowance on contract assets	300	284
Prepayments written-off	–	1,232
Finance costs	6,185	10,750
Depreciation of property, plant and equipment	82,404	97,969
Operating cash flows before movements in working capital	93,082	140,634
Decrease (increase) in trade receivables	16,673	(8,637)
Increase in contract assets	(43,581)	(44,134)
Increase in deposits, prepayments and other receivables	(3,760)	(916)
Increase in trade and other payables	14,808	20,991
Cash generated from operations	77,222	107,938
Hong Kong Profits Tax paid	(79)	(423)
NET CASH GENERATED FROM OPERATING ACTIVITIES	77,143	107,515
INVESTING ACTIVITIES		
Interest received	1,095	538
Purchase of property, plant and equipment	(42,565)	(28,917)
Placement of pledged bank deposit	(8,000)	–
Withdrawal of pledged bank deposit	–	5,826
Deposits paid for acquisition of property, plant and equipment	–	(2,833)
Purchase of life insurances	–	(2,917)
Proceeds from disposal of property, plant and equipment	16,302	2,323
NET CASH USED IN INVESTING ACTIVITIES	(33,168)	(25,980)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
FINANCING ACTIVITIES		
Repayment of principal element of lease liabilities	(35,971)	(61,486)
Interest paid	(6,185)	(10,750)
Repayment of bank borrowings	(235,287)	(281,715)
New bank borrowings raised	245,782	266,239
(Repayment to) advance from a director	(7,400)	7,400
Government grants received	681	714
NET CASH USED IN FINANCING ACTIVITIES	(38,380)	(79,598)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,595	1,937
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	30,396	28,459
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	35,991	30,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

1. GENERAL INFORMATION

Progressive Path Group Holdings Limited (the "Company") is a limited company incorporated in the Cayman Islands under the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 December 2016. The immediate holding company and ultimate holding company of the Company is Profit Gold Global Limited ("Profit Gold"), a limited company incorporated in the British Virgin Islands (the "BVI"). The ultimate beneficial owner of the Company is Mr. Wu Wing Hang ("Mr. Wu"), the executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

The Company is an investment holding company while the principal subsidiaries of the Company are principally engaged in the construction works and provision of construction machinery rental.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for its 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 1 April 2025:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

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[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027
3 Effective for annual periods beginning on or after a date to be determined.

Except as described below, the directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group in the foreseeable future.

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 and other comprehensive income; provides disclosures on management-defined performance measures in the notes to the financial statements and improves 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 HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's return.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

Non-controlling interest, unless as required by another standards, is measured at acquisition-date fair value except for non-controlling interest that is present ownership interest and entitles its holder to a proportionate share of the entity's net assets in the event of liquidation is initially measured at fair value or at the present ownership instruments' proportionate share in the recognised amount of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the construction works.

Construction works

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual contract costs incurred relative to the estimated total budgeted contract costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from construction works is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input method recognises revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

The Group estimates an amount of variable consideration by using either (a) the expected value method; or (b) the most likely amount method, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

All the lease payments included in the measurement of the lease liability are fixed lease payments.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets in "property, plant and equipment".

The Group applies HKAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss, if any, are transferred to motor vehicles and machinery within the property, plant and equipment.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by matching corresponding adjustments to the relevant right-of-use assets.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to certain motor vehicles and machinery. Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss as other income (note 8) on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relating to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, for provisions for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies HKAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment, including right-of-use assets, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" under property, plant and equipment in the consolidated statement of financial position When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as 'ownership interests in leasehold land and building' under property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets for leasehold land, building, motor vehicles and machinery are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on property, plant and equipment and right-of-use assets included in property, plant and equipment and deposits paid for acquisition of property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets included in property, plant and equipment and deposits paid for acquisition of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment losses on property, plant and equipment and right-of-use assets included in property, plant and equipment and deposits paid for acquisition of property, plant and equipment (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (the "ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including the ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost and contract assets. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument and contract assets.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets and contract assets are estimated individually for significant outstanding balances or collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group rebutted the presumption of default under ECL model for trade debtors over 90 days past due based on the good repayment records for each customer, continuous business with the Group and/or other reasonable and supportable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset or contract asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of the ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held-for-trading; or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition from construction works

The Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the accumulated actual cost incurred to date over the total budgeted contract cost. If the price of contract costs varied significantly in the coming months from the budgets, the contract profit for each of the individual projects would differ significantly from the estimated contract profit. Accordingly, revenue recognition from construction works involves a significant degree of management judgements and estimates, with estimates being made to assess the total budgeted contract cost and stage of completion of the contracts.

During the year ended 31 March 2026, the Group recognised revenue from construction works of approximately HK$621,679,000 (2025: HK$632,122,000).

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful life reflects the estimates of the periods made by the management of the Group that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. If the future economic benefits from the use of the Group's property, plant and equipment differs from the original estimates, such differences may impact the depreciation for the year and the estimates will be changed in the future period. During the year ended 31 March 2026, the management of the Group determined that there is no revision of useful lives of property, plant and equipment.

As at 31 March 2026, the carrying amount of property, plant and equipment is approximately HK$150,399,000 (2025: HK$178,568,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired or there is a reversal of impairment, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rate or the growth rates in the cash flow projection, could materially affect the recoverable amounts. As at 31 March 2026, the carrying amount of property, plant and equipment is approximately HK$150,399,000 (2025: HK$178,568,000) and there is no impairment loss recognised on property, plant and equipment (2025: nil).

Loss allowance on trade receivables and contract assets

In assessing the loss allowance under the ECL model, the management of the Group used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. These judgements and estimations include estimating and evaluating expected future receipts from customers based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 March 2026, the carrying amounts of the trade receivables and contract assets are approximately HK$242,342,000 (2025: HK$257,012,000) and HK$134,551,000 (2025: HK$91,270,000), net of accumulated loss allowance of approximately HK$31,090,000 (2025: HK$33,093,000) and HK$2,126,000 (2025: HK$1,826,000), respectively.

Reversal of loss allowance on trade receivables of approximately HK$2,003,000 (2025: provision for loss allowance of approximately HK$4,084,000) and provision for loss allowance on contract assets of approximately HK$300,000 (2025: HK$284,000) have been recognised during the year ended 31 March 2026.

Income tax

As disclosed in note 27, a deferred tax asset of approximately HK$981,000 (2025: HK$8,316,000) in relation to unused tax losses of approximately HK$5,945,000 (2025: HK$50,400,000) has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately HK$12,415,000 (2025: HK$8,312,000) due to the unpredictability of future profit streams. In case where the actual outcome differs from the management's assessment above, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Retirement benefit obligations

The cost of the retirement benefits of the Group and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and employee turnover rates. Due to the complexities involved in the valuation and its long-term nature, a retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting periods.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings disclosed in note 25, lease liabilities disclosed in note 26, net of pledged bank deposit disclosed in note 21, bank balances and cash disclosed in note 22 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure semi-annually. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through issue of new debts or repayment of existing debts, payment of dividends and issuance of new shares.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2026 **HK$'000**	2025 HK$'000
Financial assets		
Financial assets at amortised cost (including bank balances and cash)	**302,320**	302,759
Financial liabilities		
Financial liabilities at amortised cost	**247,238**	237,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group's major financial assets and liabilities include deposits paid for life insurances, trade receivables, deposits and other receivables, pledged bank deposit, bank balances and cash, trade and other payables, amount due to a director and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk under market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk – interest rate risk

The Group is exposed to fair value interest rate risk in relation to deposits paid for life insurances with fixed interest rate. The Company currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to bank balances with variable interest rates and bank borrowings with variable interest rates. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk analysis section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong prime rate and Hong Kong Interbank Offered Rate ("HIBOR") and Secured Overnight Financing Rate ("SOFR") arising from the Group's Hong Kong dollars denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2025: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2025: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2026 would decrease/increase by approximately HK$583,000 (2025: HK$495,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2026, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from pledged bank deposit, trade receivables, contract assets, deposits for life insurances, deposits and other receivables and bank balances. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets and contract assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables and contract assets, the management of the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables and contract assets with significant outstanding balances which are assessed individually, the Group determines the ECL on the remaining balances collectively by using a provision matrix grouped by common risk characteristic. The provision rate applied is estimated using the historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on liquid funds, pledged bank deposit and deposits for life insurances is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 6% (2025: 14%) and 47% (2025: 48%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively within the construction works segment and construction machinery rental segment as at 31 March 2026.

The Group's concentration of credit risk by geographical location is primarily in Hong Kong, which accounted for 100% (2025: 100%) of the total trade receivables as at 31 March 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	31 March 2026 Gross carrying amount HK$'000	31 March 2026 Loss allowance HK$'000	31 March 2026 Net carrying amount HK$'000	31 March 2025 Gross carrying amount HK$'000	31 March 2025 Loss allowance HK$'000	31 March 2025 Net carrying amount HK$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	273,432	(31,090)	242,342	290,105	(33,093)	257,012
Contract assets	19	Note	Lifetime ECL (simplified approach)	136,677	(2,126)	134,551	93,096	(1,826)	91,270
Deposits, other receivables and staff advance	20	Performing	12-month ECL	447	(53)	394	672	–	672
Deposits for life insurances	20	Performing	12-month ECL	15,593	–	15,593	14,679	–	14,679
Pledged bank deposit	21	Performing	12-month ECL	8,000	–	8,000	–	–	–
Bank balances and cash	22	Performing	12-month ECL	35,991	–	35,991	30,396	–	30,396

Note: For trade receivables and contract assets, the Group has applied the simplified approach in accordance with HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables and contract assets with significant outstanding balances which are assessed individually, the management of the Group determines the ECL on the remaining balances collectively by using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 18 and 19 include further details on the loss allowance for trade receivables and contract assets, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank borrowings, advances from a director, lease liabilities and available banking facilities as a significant source of liquidity and the management monitors the utilisation of bank borrowings and lease liabilities and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the end of the reporting period. The maturity analysis for other non-derivative financial liabilities and lease liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flows.

	As at 31 March 2026		
	Within 1 year or on demand HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	177,431	177,431	177,431
Bank borrowings	69,807	69,807	69,807
	247,238	247,238	247,238

In addition, the maturity profile of the Group's lease liabilities is as follows:

	As at 31 March 2026				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	24,608	11,386	8,284	44,278	40,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	As at 31 March 2025		
	Within 1 year or on demand HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	170,941	170,941	170,941
Amount due to a director	7,400	7,400	7,400
Bank borrowings	59,312	59,312	59,312
	237,653	237,653	237,653

In addition, the maturity profile of the Group's lease liabilities is as follows:

	As at 31 March 2025				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	38,759	19,559	1,883	60,201	57,709

As at 31 March 2026, bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank borrowings amounted to approximately HK$69,807,000 (2025: HK$59,312,000). Taking into account the Group's consolidated financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash flows will amount to approximately HK$71,773,000 (2025: HK$60,936,000). As at 31 March 2026, the principal and interest cash outflows due within one year is approximately HK$53,998,000 (2025: HK$47,785,000), due more than one year but within two years is approximately HK10,148,000 (2025: HK7,469,000), due more than two years but within five years is approximately HK7,627,000 (2025: HK5,345,000) and due more than five years is nil(2025: HK$337,000).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of current and non-current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially differ from their fair values due to their immediate or short-term maturity or the interest rates used approximates to the discount rates of relevant financial assets or financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on construction works and construction machinery rental. An analysis of the Group's revenue for the year is as follows:

	2026 HK$'000	2025 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Construction works	621,679	632,122
Revenue from provision of machinery rental within the scope of HKFRS 16		
– Construction machinery rental	219,642	281,662
	841,321	913,784

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition:

	2026 HK$'000	2025 HK$'000
Timing of revenue recognition		
– Over time	621,679	632,122

Transaction price allocated to the remaining performance obligations

As at 31 March 2026, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$867,201,000 (2025: HK$647,375,000). 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 28 (2025: 24) months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Construction works; and
- Construction machinery rental

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 March 2026

	Construction works HK$'000	Construction machinery rental HK$'000	Total HK$'000
Revenue			
External revenue	621,679	219,642	841,321
Inter-segment revenue	–	57,482	57,482
Segment revenue	621,679	277,124	898,803
Eliminations			(57,482)
Group's revenue			841,321
Segment profit	14,741	5,357	20,098
Unallocated income			18,652
Unallocated corporate expenses			(9,543)
Unallocated finance costs			(6,185)
Profit before taxation			23,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2025

	Construction works HK$'000	Construction machinery rental HK$'000	Total HK$'000
Revenue			
External revenue	632,122	281,662	913,784
Inter-segment revenue	–	119,751	119,751
Segment revenue	632,122	401,413	1,033,535
Eliminations			(119,751)
Group's revenue			913,784
Segment profit	36,380	8,390	44,770
Unallocated income			6,478
Unallocated corporate expenses			(11,031)
Unallocated finance costs			(10,750)
Profit before taxation			29,467

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income and finance costs. This is the measure reported to the chief operating decision maker with respect to the resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates and mutually agreed by both contract parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2026 HK$'000	2025 HK$'000
Construction works	413,392	290,343
Construction machinery rental	124,596	246,703
Total segment assets	537,988	537,046
Corporate and other assets	67,816	53,715
Total assets	605,804	590,761

Segment liabilities

	2026 HK$'000	2025 HK$'000
Construction works	154,811	135,371
Construction machinery rental	60,754	91,276
Total segment liabilities	215,565	226,647
Corporate and other liabilities	79,141	73,403
Total liabilities	294,706	300,050

For the purposes of monitoring segment performance and allocating resources between segments:

– All assets are allocated to operating segments, other than pledged bank deposit, deposits and prepayments for life insurances, certain other receivables and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segment; and

– All liabilities are allocated to operating segments, other than certain other payables, bank borrowings and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets of respective individual reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

In measuring the Group's segment assets and liabilities, property, plant and equipment and lease liabilities of approximately HK$150,399,000 (2025: HK$178,568,000) and HK$40,145,000 (2025: HK$57,709,000), respectively, were allocated to construction works and construction machinery rental segments. However, the relevant gain on disposal of property, plant and equipment and interest on lease liabilities of approximately HK$15,050,000 (2025: HK$1,900,000) and HK$2,820,000 (2025: HK$6,184,000), respectively, were not included in the measurement of segment results. Should the gain on disposal of property, plant and equipment and interest on lease liabilities be included in the measurement of segment results, the segment profit of construction works would be approximately HK$23,200,000 (2025 HK$33,760,000) and segment profit of construction machinery rental would be approximately HK$9,128,000 (2025: HK$6,726,000) for the year ended 31 March 2026.

Other segment information

For the year ended 31 March 2026

	Construction works HK$'000	Construction machinery rental HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (note)	38,392	17,095	–	55,487
Depreciation of property, plant and equipment	56,997	25,407	–	82,404
Reversal of loss allowance on trade receivables, net	(1,386)	(617)	–	(2,003)
Provision for loss allowance on other receivables, net	–	–	53	53
Provision for loss allowance on contract assets, net	300	–	–	300
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of property, plant and equipment	–	–	(15,050)	(15,050)
Finance costs	–	–	6,185	6,185
Income tax expense	–	–	2,635	2,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2025

	Construction works HK$'000	Construction machinery rental HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (note)	28,010	17,753	–	45,763
Deposits paid for acquisition of property, plant and equipment	1,733	1,100	–	2,833
Depreciation of property, plant and equipment	55,068	42,901	–	97,969
Provision for loss allowance on trade receivables, net	2,498	1,586	–	4,084
Prepayments written-off	–	1,232	–	1,232
Provision for loss allowance on contract assets, net	284	–	–	284
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of property, plant and equipment	–	–	(1,900)	(1,900)
Finance costs	–	–	10,750	10,750
Income tax credit	–	–	(4,632)	(4,632)

Note: Non-current assets excluded deposits paid for acquisition of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2026 HK$'000	2025 HK$'000
Customer A[1]	**193,897**	198,148
Customer B[2]	**95,898**	93,044
Customer C[1]	**N/A[3]**	147,952

1 Revenue from construction works and construction machinery rental segments

2 Revenue from construction works segment

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2026.

Geographical information

During the years ended 31 March 2026 and 2025, the Group is organised into two operating segments as construction works and construction machinery rental primarily in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to these segments. Accordingly, no geographical information is presented.

8. OTHER INCOME

	2026 HK$'000	2025 HK$'000
Government grants (note)	**681**	714
Sales of scrap materials	**416**	585
Interest income from life insurance	**1,095**	538
Bank interest income	**3**	33
Insurance claims	**441**	679
Rental income	**450**	847
Auxiliary and other service income	**516**	1,182
Gain on disposal of property, plant and equipment	**15,050**	1,900
	18,652	6,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

8. OTHER INCOME (Continued)

Note: During the year ended 31 March 2026, the Group received government grants from the Ex-gratia Payment Scheme for Phasing out Euro IV Diesel Commercial Vehicles from the Hong Kong Environmental Protection Department with amount of HK$681,000 (2025: 326,000) recognised.

During the year ended 31 March 2025, the Group received government grants in respect of construction technologies adopted under the Construction Innovation and Technology Fund from the Hong Kong Special Administrative Region Government (the "HKSAR Government") with amount of HK$388,000 (2026:nil) recognised.

Government grants has been recognised as other income upon receipts for grants with no unfulfilled conditions or contingencies. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

9. FINANCE COSTS

	2026 HK$'000	2025 HK$'000
Interest on:		
– bank borrowings	**3,365**	4,566
– lease liabilities	**2,820**	6,184
	6,185	10,750

10. INCOME TAX EXPENSE (CREDIT)

	2026 HK$'000	2025 HK$'000
Deferred taxation (note 27)	**2,635**	(4,632)
Income tax expense (credit)	**2,635**	(4,632)

Notes:

(a) Pursuant to rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. 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 entities of the Group 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

10. INCOME TAX EXPENSE (CREDIT) (Continued)

The income tax expense (credit) can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2026 HK$'000	2025 HK$'000
Profit before taxation	23,022	29,467
Tax calculated at the domestic income tax rate of 16.5% (2025: 16.5%)	3,799	4,862
Tax effect of expenses not deductible for tax purpose	671	695
Tax effect of income not taxable for tax purpose	(2,512)	(319)
Tax effect of tax losses not recognised	677	18
Tax effect of utilisation of tax losses previously not recognised	–	(9,888)
Income tax expense (credit)	2,635	(4,632)

Details of the deferred taxation are set out in note 27.

11. PROFIT FOR THE YEAR

	2026 HK$'000	2025 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 12)	4,351	4,209
Other staff:		
– Salaries, wages, allowances and other benefits	178,101	201,417
– Retirement benefits scheme contributions	4,901	5,324
Total staff costs	187,353	210,950
Auditor's remuneration	888	880
Depreciation of property, plant and equipment	82,404	97,969
Short-term lease expenses	7,575	5,920
Provision for loss allowance on other receivables, net	53	–
Prepayments written-off	–	1,232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

12. DIRECTORS' EMOLUMENTS

The emoluments paid to each of the 6 (2025: 5) directors were as follows:

	Fees	Salaries, allowances and other benefits	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings for the year are as follows:					
Year ended 31 March 2026					
Executive directors					
Mr. Wu (note i)	–	3,575	–	18	3,593
Mr. Chan Tak Ming (note i)	–	390	–	18	408
Independent non-executive directors					
Mr. Lee Man Tai	120	–	–	–	120
Mr. Wong Yiu Kit, Ernest (note ii)	100	–	–	–	100
Ms. Tong Sze Sze, Cecillia	120	–	–	–	120
Mr. Du Hanzhi (note iii)	10	–	–	–	10
	350	3,965	–	36	4,351
Year ended 31 March 2025					
Executive directors					
Mr. Wu (note i)	–	3,438	–	18	3,456
Mr. Chan Tak Ming (note i)	–	375	–	18	393
Independent non-executive directors					
Mr. Lee Man Tai	120	–	–	–	120
Mr. Wong Yiu Kit, Ernest	120	–	–	–	120
Ms. Tong Sze Sze, Cecillia	120	–	–	–	120
	360	3,813	–	36	4,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

12. DIRECTORS' EMOLUMENTS (Continued)

Notes:

i The emoluments paid to executive directors of the Company include emoluments paid to them in respect of their other services in connection with the management of the affairs of the Company and its subsidiaries undertakings

ii Mr. Wong Yiu Kit Ernest passed away on 24 January 2026.

iii Mr. Du Hanzhi was appointed as an independent non-executive director on 2 March 2026.

The directors of the Company did not waive or agree to waive any emoluments paid by the Group during the years ended 31 March 2026 and 2025. No emoluments were paid by the Group to the directors of the Company as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2026 and 2025.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2025: one) was director of the Company whose emoluments are set out in note 12. The emoluments of the remaining four (2025: four) highest paid individuals were as follows:

	2026 HK$'000	2025 HK$'000
Salaries, allowances and other benefits	**4,933**	4,484
Retirement benefits scheme contributions	**72**	72
	5,005	4,556

Their emoluments were within the following bands:

	2026 Number of individuals	2025 Number of individuals
Nil to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**4**	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2026 and 2025.

14. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2026 and 2025, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

15. RETIREMENT BENEFITS SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2025: 5%) of relevant payroll costs, capped at HK$1,500 (2025: HK$1,500) per month, to the MPF Scheme, in which the contribution is matched by employees.

During the year ended 31 March 2026, the amount charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$4,937,000 (2025: HK$5,360,000) represents contributions payable to the scheme by the Group in respect of the respective accounting period.

There were no contributions forfeited by the Group on behalf of its employees who left the schemes prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2026 and 2025, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

Long service payment liabilities

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which would eventually abolish the Offsetting Arrangement. The Amendment Ordinance was effective prospectively from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

There is no material impact on the Group's results and financial position for the current or prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

16. 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:

	2026 **HK$'000**	2025 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	**20,387**	34,099

	2026	2025
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000 shares)	**415,000**	415,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2026 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

17. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and building HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Furniture and equipment HK$'000	Leasehold improvement HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST							
At 1 April 2024	9,686	159,892	302,211	481	1,030	294,081	767,381
Additions	–	11,957	24,358	56	–	9,392	45,763
Transfer in (out)	–	18,720	82,649	–	–	(101,369)	–
Lease modification	–	–	–	–	–	(2,067)	(2,067)
Disposals	–	(1,076)	(40,177)	–	–	–	(41,253)
At 31 March 2025 and 1 April 2025	9,686	189,493	369,041	537	1,030	200,037	769,824
Additions	–	639	36,023	44	374	18,407	55,487
Transfer in (out)	–	44,201	38,270	–	–	(82,471)	–
Disposals	–	(11,542)	(33,768)	–	–	–	(45,310)
At 31 March 2026	9,686	222,791	409,566	581	1,404	135,973	780,001
ACCUMULATED DEPRECIATION							
At 1 April 2024	2,776	138,501	263,303	379	1,030	128,128	534,117
Charge for the year	388	14,414	18,372	46	–	64,749	97,969
Transfer in (out)	–	15,198	61,520	–	–	(76,718)	–
Eliminated on disposals	–	(1,076)	(39,754)	–	–	–	(40,830)
At 31 March 2025 and 1 April 2025	3,164	167,037	303,441	425	1,030	116,159	591,256
Charge for the year	388	13,606	30,337	49	48	37,976	82,404
Transfer in (out)	–	36,921	42,129	–	–	(79,050)	–
Eliminated on disposals	–	(10,605)	(33,453)	–	–	–	(44,058)
At 31 March 2026	3,552	206,959	342,454	474	1,078	75,085	629,602
CARRYING VALUES							
At 31 March 2026	6,134	15,832	67,112	107	326	60,888	150,399
At 31 March 2025	6,522	22,456	65,600	112	–	83,878	178,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Ownership interest in leasehold land and building	Over the shorter of the term of the lease, or 25 years
Motor vehicles	4 years
Machinery	4 to 7 years
Furniture and equipment	5 years
Leasehold improvement	2 years
Right-of-use assets	
– Leasehold land	Over the shorter of the term of the lease, or 25 years
– Motor vehicles	4 years
– Machinery	4 to 7 years

At 31 March 2026, the Group's ownership interest in leasehold land and building with carrying value of approximately HK$6,134,000 (2025: HK$6,522,000) has been pledged to secure bank borrowings obtained by the Group.

The carrying values of right-of-use assets included in the above comprise of:

	2026 HK$'000	2025 HK$'000
Leasehold land	7,688	193
Motor vehicles	7,573	29,127
Machinery	45,627	54,558
	60,888	83,878

The Group has lease arrangements for leasehold land located in Hong Kong, motor vehicles and machinery during the years ended 31 March 2026 and 2025. The lease terms are generally ranged from 2 to 5 years (2025: 2 to 5 years).

Additions to the right-of-use assets for the year ended 31 March 2026 amounted to approximately HK$18,407,000 (2025: HK$9,392,000), due to new leases of motor vehicles and machinery.

In respect of lease arrangements for motor vehicles and machinery, which are under hire purchases, the ownership of these leased assets will be transferred to the Group at the end of the lease terms. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

During the year ended 31 March 2026, the Group transferred the right-of-use assets with carrying amount of approximately HK$7,280,000 (2025: HK$3,522,000) to motor vehicles under property, plant and equipment upon full repayment of respective lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

18. TRADE RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables, at amortised cost	**273,432**	290,105
Less: loss allowance on trade receivables	**(31,090)**	(33,093)
	242,342	257,012

As at 31 March 2026, the gross amount of trade receivables arising from contracts with customers in respect of construction works amounted to approximately HK$111,074,000 (2025: HK$83,601,000).

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The following is an ageing analysis of trade receivables, net of loss allowance on trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2026 HK$'000	2025 HK$'000
Within 30 days	**74,185**	28,443
31 to 60 days	**63,249**	40,158
61 to 90 days	**10,683**	28,724
91 to 180 days	**21,561**	69,560
181 to 365 days	**42,971**	43,272
Over 365 days	**29,693**	46,855
	242,342	257,012

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables are estimated individually for significant outstanding balances or collectively using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

18. TRADE RECEIVABLES (Continued)

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime ECL for trade receivables based on collectively basis or on individually basis for significant outstanding balances as follows:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2026			
On collectively basis:			
– Not yet due	**0.15%**	**75,850**	**116**
– Past due 1–90 days	**0.15%**	**72,171**	**110**
– Past due 91–180 days	**2.95%**	**36,307**	**1,072**
– Past due 181–365 days	**2.95%**	**18,176**	**536**
– Past due 1–2 years	**10.46%**	**9,217**	**964**
– Past due over 2 years	**100.00%**	**6,865**	**6,865**
		218,586	**9,663**
On individually basis	**14.84%–100%**	**54,846**	**21,427**
		273,432	**31,090**

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2025			
On collectively basis:			
– Not yet due	0.06%	30,562	19
– Past due 1–90 days	0.06%	83,000	50
– Past due 91–180 days	6.34%	57,535	3,645
– Past due 181–365 days	6.34%	32,505	2,060
– Past due 1–2 years	33.10%	24,479	8,103
– Past due over 2 years	100%	8,794	8,794
		236,875	22,671
On individually basis	5.78%–100%	53,230	10,422
		290,105	33,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

18. TRADE RECEIVABLES (Continued)

The movement in the loss allowance on trade receivables falls within lifetime ECL (simplified approach) is set out below:

	2026 HK$'000	2025 HK$'000
At the beginning of the year	33,093	33,438
(Reversal of) provision for loss allowance on trade receivables	(2,003)	4,084
Amounts written off as uncollectible	–	(4,429)
At the end of the year	31,090	33,093

The following factor contributed to the decrease in the loss allowance recognised during the year:

– Decrease in forward-looking adjustment factor resulted from change of current market conditions.

19. CONTRACT ASSETS

	2026 HK$'000	2025 HK$'000
Unbilled revenue of construction contracts (note (i))	34,542	17,511
Retention receivables of construction contracts (note (ii))	102,135	75,585
	136,677	93,096
Less: loss allowance on contract assets	(2,126)	(1,826)
	134,551	91,270

Notes:

(i) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(ii) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the work and service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the work and service quality of the construction work performed by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

19. CONTRACT ASSETS (Continued)

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

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL. The ECL on contract assets are estimated on individually basis or on collectively basis by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group recognised lifetime ECL for contract assets on both collectively and individually basis and details are as follows:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2026			
On collectively basis	**0.68%**	**135,470**	**919**
On individually basis	**100%**	**1,207**	**1,207**
		136,677	**2,126**
For the year ended 31 March 2025			
On collectively basis	0.67%	91,889	619
On individually basis	100%	1,207	1,207
		93,096	1,826

The movement in the loss allowance on contract assets falls within lifetime ECL (simplified approach) is set out below:

	2026 **HK$'000**	2025 HK$'000
At the beginning of the year	**1,826**	1,542
Loss allowance recognised on contract assets	**300**	284
At the end of the year	**2,126**	1,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2026 **HK$'000**	2025 HK$'000
Deposits (note (a))	**117**	115
Other receivables (notes (a))	**197**	316
Staff advance (note (a))	**80**	241
Prepayments	**10,184**	6,893
Deposits and prepayments for life insurances (notes (a) and (b))	**23,625**	22,878
	34,203	30,443

Notes:

(a) The Group measures the loss allowance for deposits, other receivables, staff advance and deposits for life insurances at an amount equal to 12-month ECL. The Group recognised 12-month ECL for such balances based on the internal credit rating of receivables. As at 31 March 2026 and 2025, the management of the Group estimated the 12-month ECL on such balances was insignificant.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

(b) In prior years, Luen Yau Construction, the wholly-owned subsidiary of the Company, entered into life insurance policies with insurance companies in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policies. The Company paid upfront payments with aggregate amounts of approximately HK$22,385,000, for the policies. During the year ended 31 March 2025, Luen Yau Construction entered into another additional life insurance policy with an insurance company in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policy and the Company paid an upfront payment with aggregate amount of approximately HK$2,917,000 (2026: nil). The interest income from life insurances of approximately HK$1,095,000 (2025: HK$538,000) has been recognised in other income (note 8) during the year ended 31 March 2026.

The balance has been classified under current assets as the Group may request a partial surrender or full surrender of the life insurance policies at any time and receive cash back based on the value set out in the life insurance policies at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged and surrender charge.

The prepayments of life insurance premium are amortised to profit or loss over the insured periods and the deposits placed are carried at amortised cost using the effective interest method. The deposits paid for the life insurance policies carry guaranteed interests at interest rate 2.00% to 3.35% (2025: 2.00% to 3.65%) plus a premium determined by the insurance company during the period of the life insurance policies. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the life insurance policies, excluding the financial effect of surrender charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

The carrying value of deposits and prepayments for life insurance policies at the end of each reporting period are set out below:

	2026 HK$'000	2025 HK$'000
Deposits	15,593	14,679
Prepayments	8,032	8,199
	23,625	22,878

As at 31 March 2026 and 2025, the deposits and prepayments for life insurance policies have been pledged to banks to secure banking facilities granted to the Group (note 29).

21. PLEDGE BANK DEPOSIT

Pledged bank deposits for short term loan

	2026 HK$'000	2025 HK$'000
– Current portion	8,000	–

As at 31 March 2026, pledged bank deposit amount with aggregate amount of approximately HK$8,000,000(2025: nil) was pledged to secure short-term bank borrowings and will be mature within one year and classified as current assets. The pledged bank deposit carried interest at 1.5% as at 31 March 2026. The pledged bank deposit will be released upon settlement of relevant bank borrowings.

22. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market interest rates during the years ended 31 March 2026 and 2025.

23. TRADE AND OTHER PAYABLES

	2026 **HK$'000**	2025 HK$'000
Trade payables	**77,710**	73,558
Other payables	**64,008**	65,367
Consideration payables for acquisition of property, plant and equipment	**9,691**	18,009
Accruals	**26,022**	14,007
	177,431	170,941

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

	2026 **HK$'000**	2025 HK$'000
Within 30 days	**48,205**	20,964
31 to 60 days	**8,405**	10,341
61 to 90 days	**3,433**	4,086
91 to 365 days	**15,288**	33,576
Over 365 days	**2,379**	4,591
	77,710	73,558

The average credit period granted is 30 (2025: 30) days. The Group has financial risk management in place to ensure that all payables are settling within the credit timeframe.

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For the year ended 31 March 2026

24. AMOUNT DUE TO A DIRECTOR

As at 31 March 2025, the amount due to a director, Mr. Wu, was unsecured, non-interest bearing and repayable on demand. The amount was fully settled during the year ended 31 March 2026.

25. BANK BORROWINGS

	2026 HK$'000	2025 HK$'000
Secured	60,487	48,194
Unsecured	9,320	11,118
	69,807	59,312

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2026 HK$'000	2025 HK$'000
Within one year	52,951	46,917
After one year but within two years	9,632	7,031
After two years but within five years	7,224	5,036
After five years	–	328
	69,807	59,312
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	16,856	12,395
Carrying amount repayable within one year and contains a repayment on demand clause	52,951	46,917
	69,807	59,312
Amount shown under current liabilities	(69,807)	(59,312)
Amount shown under non-current liabilities	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

25. BANK BORROWINGS (Continued)

(a) The bank borrowings were denominated in HK$ as at 31 March 2026 and 2025.

As at 31 March 2026, bank borrowings carried floating interest at effective interest rates ranging from 2.50% to 5.98% per annum (2025: from 2.75% to 7.22% per annum) and are repayable with a repayable on demand clause that is not affected by compliance of financial covenants, allowing the bank to request repayment at any time.

(b) During the year ended 31 March 2026, the Group obtained new bank borrowings of approximately HK$245,782,000 (2025: HK$266,239,000) for Group's working capital purpose and repaid bank borrowings of approximately HK$235,287,000 (2025: HK$281,715,000).

(c) As at 31 March 2026, bank borrowings with aggregated amount at approximately HK$60,487,000 (2025: HK$48,194,000) are secured by (i) a mortgage charged over the Group's ownership interest in leasehold land and building with carrying value of approximately HK$6,134,000 (2025: HK$6,522,000); (ii) the deposits and prepayments for life insurance of approximately HK$23,625,000 (2025: HK$22,878,000) and (iii) pledged bank deposit of HK$8,000,000 (2025: HK$nil).

(d) As at 31 March 2026 and 2025, unsecured bank borrowings were guaranteed by (i) the Company; (ii) Mr. Wu, the executive director of the Company; and (iii) HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, which provided guarantees under the SME Financing Guarantee Scheme.

(e) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2026 HK$'000	2025 HK$'000
Facilities amount	**120,415**	76,141
Utilisations		
– Bank borrowings	**69,807**	59,312
Unutilised facilities amount	**50,608**	16,829

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For the year ended 31 March 2026

25. BANK BORROWINGS (Continued)

Loan covenants

As at 31 March 2026, the Group's borrowings with carrying amount of approximately HK$19,440,000 (2025: HK$22,262,000) are subject to the fulfilment of covenants. If the Group were to breach the covenants, the related borrowings would become payable on demand. These covenants are mainly as follow:

- Mr. Wu maintain over 50% shareholdings of the borrower and the Company
- Mr. Wu remains chairman and director of the Company
- the Company remains listing on the Stock Exchange
- the adjusted tangible net worth of not less than HKD120,000,000
- external gearing ratio <1
- the ratio of the current assets to the current liabilities not less than 0.8
- the ratio of EBITDA to interest expense not less than 5

The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6. As at 31 March 2026, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

26. LEASE LIABILITIES

(a) Lease liabilities

	2026 HK$'000	2025 HK$'000
Analysed for reporting purposes as:		
– Current	21,211	36,658
– Non-current	18,934	21,051
	40,145	57,709

	2026 HK$'000	2025 HK$'000
Amounts payable under lease liabilities		
Within one year	21,211	36,658
After one year but within two years	10,874	19,370
After two years but within five years	8,060	1,681
	40,145	57,709
Less: amount due for settlement within 12 months (shown under current liabilities)	(21,211)	(36,658)
Amount due for settlement after 12 months	18,934	21,051

As at 31 March 2026, the lease liabilities in respect of leased motor vehicles and machinery under hire purchase agreements amounted to approximately HK$40,145,000 (2025: HK$57,549,000) were secured by the lessor's title to the leased assets (note 17) (2025: the lessor's title to the leased assets (note 17) and the pledged bank deposit (note 21).

During the year ended 31 March 2026, the Group entered into a number of new lease agreements in respect of motor vehicles and machinery and recognised lease liabilities of approximately HK$18,407,000 (2025: HK$9,392,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

26. LEASE LIABILITIES (Continued)

(b) Amounts recognised in profit or loss

	2026 **HK$'000**	2025 HK$'000
Depreciation expense on right-of-use assets included in property, plant and equipment:		
– Leasehold land	**705**	1,167
– Motor vehicles	**14,273**	19,886
– Machinery	**22,998**	43,696
– Short-term lease expense	**7,575**	5,920
Interest expense on lease liabilities	**2,820**	6,184

During the year ended 31 March 2026, all lease payments are all fixed payments and the total cash outflows for leases amounting to approximately HK$46,366,000 (2025: HK$73,590,000).

27. DEFERRED TAX LIABILITIES

The following are the major net deferred tax liabilities recognised and movements thereon, after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity during the year:

	Loss allowances on trade receivables and contract assets HK$'000	**Accelerated tax depreciation** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2024	5,772	(22,831)	7,739	(9,320)
Credited to profit or loss	924	3,131	577	4,632
At 31 March 2025 and 1 April 2025	**6,696**	**(19,700)**	**8,316**	**(4,688)**
(Charged) credited to profit or loss	**(295)**	**4,995**	**(7,335)**	**(2,635)**
At 31 March 2026	**6,401**	**(14,705)**	**981**	**(7,323)**

As at 31 March 2026, the Group has estimated unused tax losses of approximately HK$18,359,000 (2025: HK$58,712,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately HK$5,945,000 (2025: HK$50,400,000) of such losses. No deferred tax asset has been recognised in respect of the remaining estimated unused tax losses of approximately HK$12,414,000 (2025: HK$8,312,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

28. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.05 each		
Authorised		
As at 31 March 2025 and 2026	2,000,000,000	100,000
Issued and fully paid		
As at 31 March 2025 and 2026	415,000,000	20,750

29. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and finance lease companies to secure the banking facilities, bank borrowings and lease liabilities granted to the Group:

	2026 HK$'000	2025 HK$'000
Property, plant and equipment	50,265	90,207
Deposits and prepayments for life insurance	23,625	22,878
Pledged bank deposit	8,000	–
	81,890	113,085

30. CONTINGENT LIABILITIES

As at 31 March 2026, three of the subsidiaries of the Group were involved in the litigation regarding ongoing personal injury claims (2025: three). No provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

31. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 15 November 2016 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 7 December 2026. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up on the date of grant, upon payment of HK$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the Scheme and during the years ended 31 March 2026 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

32. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

Save as disclosed in elsewhere in the consolidated financial statements, the Company has no material balances with related parties.

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management personnel during the year was as follows:

	2026 HK$'000	2025 HK$'000
Short-term benefits	7,540	7,328
Post-employment benefits	90	90
	7,630	7,418

The remuneration of the directors of the Company and other members of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trend.

(c) Guarantee provided by a related party

	2026 HK$'000	2025 HK$'000
Mr. Wu	18,000	18,000

During the year ended 31 March 2021, the Group obtained a banking facility with total facility amount of approximately HK$18,000,000, in which Mr. Wu, the executive director of the Company and the ultimate beneficial owner of the Company, has provided guarantee for this banking facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Accrued interest HK$'000	**Bank borrowings** HK$'000 (note 25)	**Lease liabilities** HK$'000 (note 26)	**Amount due to a director** HK$'000	**Total** HK$'000
At 1 April 2024	–	74,788	111,870	–	186,658
Financing cash flows:					
– Additions	–	266,239	–	–	266,239
– Advance from a director	–	–	–	7,400	7,400
– Repayments	(4,566)	(281,715)	(67,670)	–	(353,951)
Non-cash changes:					
– Interest recognised	4,566	–	6,184	–	10,750
– Lease modification	–	–	(2,067)	–	(2,067)
– New leases arrangement	–	–	9,392	–	9,392
At 31 March 2025 and 1 April 2025	**–**	**59,312**	**57,709**	**7,400**	**124,421**
Financing cash flows:					
– Additions	**–**	**245,782**	**–**	**–**	**245,782**
– Repayment to a director	**–**	**–**	**–**	**(7,400)**	**(7,400)**
– Repayments	**(3,365)**	**(235,287)**	**(38,791)**	**–**	**(277,443)**
Non-cash changes:					
– Interest recognised	**3,365**	**–**	**2,820**	**–**	**6,185**
– Lease modification	**–**	**–**	**–**	**–**	**–**
– New leases arrangement	**–**	**–**	**18,407**	**–**	**18,407**
At 31 March 2026	**–**	**69,807**	**40,145**	**–**	**109,952**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

34. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2026, the Group entered into new lease arrangements in respect of motor vehicles and machinery with a total capital value at the inception of the leases of approximately HK$18,407,000 (2025: HK$9,392,000).

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2026 HK$'000	2025 HK$'000
Non-current asset			
Investments in subsidiaries		106,532	106,532
Current assets			
Deposits, prepayments and other receivables		145	148
Amounts due from subsidiaries	(a)	119,469	123,016
Bank balances and cash		157	74
		119,771	123,238
Current liabilities			
Other payables		2,010	2,005
Amount due to a subsidiary	(a)	3,797	3,797
		5,807	5,802
Net current assets		113,964	117,436
Net assets		220,496	223,968
Capital and reserves			
Share capital		20,750	20,750
Reserves	(b)	199,746	203,218
Total equity		220,496	223,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

(b) Movements in reserves

	Share premium HK$'000	**Other reserve** HK$'000 (Note)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2024	150,941	106,532	(50,770)	206,703
Loss and total comprehensive expense for the year	–	–	(3,485)	(3,485)
At 31 March 2025 and 1 April 2025	**150,941**	**106,532**	**(54,255)**	**203,218**
Loss and total comprehensive expense for the year	**–**	**–**	**(3,472)**	**(3,472)**
At 31 March 2026	**150,941**	**106,532**	**(57,727)**	**199,746**

Note: Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the reorganisation on 13 May 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2026 and 2025 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2026	2025	2026	2025	
Neotime Global Limited	BVI	United States dollar ("US$") 1	100%	100%	–	–	Investment holding
Lufa Global Investments Limited	BVI	US$1	100%	100%	–	–	Investment holding
Luen Yau Holdings Limited	BVI	US$100	100%	100%	–	–	Investment holding
Luen Yau Construction	Hong Kong	HK$1	–	–	100%	100%	Construction works and provision of construction machinery rental services
Luen Yau Machinery Construction Company Limited	Hong Kong	HK$1	–	–	100%	100%	Provision of construction machinery rental services
Luen Yau Management Services Limited	Hong Kong	HK$1	–	–	100%	100%	Provision of management services to fellow subsidiaries
Luen Yau Management Company Limited	BVI	US$1	–	–	100%	100%	Inactive
Full King (International) Aluminum System Formwork Technology Limited	Hong Kong	HK$10,000	–	–	51%	51%	Inactive
San Luen New Energy Motor Rental Limited	Hong Kong	HK$10,000	–	–	100%	100%	Inactive
San Luen New Energy Motor Services Limited	Hong Kong	HK$10,000	–	–	100%	100%	Inactive

None of the subsidiaries has issued any debt securities outstanding at the end of both years or at any time during both years.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and Profit (Loss)					
Revenue	**841,321**	913,784	728,528	511,016	515,948
Cost of sales	**(809,759)**	(850,349)	(670,757)	(507,338)	(482,309)
Gross profit	**31,562**	63,435	57,771	3,678	33,639
Other income	**18,652**	6,478	4,528	18,929	7,537
Administrative expenses	**(22,710)**	(25,328)	(22,226)	(23,882)	(23,581)
Reversal (provision for) of loss allowance on trade receivables, net	**2,003**	(4,084)	(1,562)	(8,796)	2,284
(Provision for) reversal of loss allowance on contract assets, net	**(300)**	(284)	35	(1,147)	(684)
Finance costs	**(6,185)**	(10,750)	(14,654)	(10,565)	(6,477)
Profit (loss) before taxation	**23,022**	29,467	23,892	(21,783)	12,718
Income tax (expense) credit	**(2,635)**	4,632	(1,669)	(176)	(587)
Profit (loss) and total comprehensive income (expense) for the year	**20,387**	34,099	22,223	(21,959)	12,131
Profit (loss) and total comprehensive income (expense) for the year attributable to:					
– Owners of the Company	**20,387**	34,099	22,224	(21,959)	12,131
– Non-controlling interest	**–**	–	(1)	–	–
	20,387	34,099	22,223	(21,959)	12,131

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Current assets	**455,405**	409,360	362,006	284,114	251,883
Non-current assets	**150,399**	181,401	235,260	282,999	219,174
Current liabilities	**(268,449)**	(274,311)	(278,283)	(258,084)	(197,041)
Non-current liabilities	**(26,257)**	(25,739)	(62,371)	(74,640)	(69,906)
Total equity	**311,098**	290,711	256,612	234,389	204,110