有利集團有限公司

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 406

Smart Construction

Modular Integrated Construction

BIM For Full Lifecycle Management

ANNUAL REPORT 2024 / 2025

This annual report is printed on environmentally friendly paper

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Wong Ip Kuen *(Chairman)*
Wong Tin Cheung *(Vice Chairman)*
Wong Rosana Wai Man *(Deputy Chair)*
Sun Chun Wai

Independent Non-Executive Directors

Chan Bernard Charnwut
Wu King Cheong
Yeung Tak Bun
Yeung Tsun Man Eric

Audit Committee

Yeung Tsun Man Eric *(Chairman)*
Chan Bernard Charnwut
Wu King Cheong

Remuneration Committee

Chan Bernard Charnwut *(Chairman)*
Wong Tin Cheung
Wu King Cheong
Yeung Tsun Man Eric

Nomination Committee

Wu King Cheong *(Chairman)*
Chan Bernard Charnwut
Yeung Tsun Man Eric

Corporate Governance Committee

Chan Bernard Charnwut *(Chairman)*
Wong Tin Cheung
Wong Rosana Wai Man
Wu King Cheong
Yeung Tsun Man Eric

Registered Office

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Hamilton HM11
Bermuda

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Websites: http://www.yaulee.com
http://www.irasia.com/listco/hk/yaulee/

Company Secretary

Lam Kwok Fan

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Solicitors

Gallant
T.H. Koo & Associates

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Ltd.
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I hereby report the annual performance of Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2025 to all the shareholders.

Result for the Year

The current global business environment remains challenging. Geopolitical tensions and persistent conflicts exacerbate uncertainties worldwide, and impacting the macroeconomic environment. Global economic activities are slowing down. While our Group primarily operates in local markets, we are nonetheless affected by unanticipated changes in material prices influenced by global factors, coupled with the long-standing high-cost factors.

As anticipated last year, the Group's revenue has risen significantly to HK$9,623 million, representing an increase of 23% year-on-year. Same as last year, all segments saw revenue growth. In addition to fulfilling on-hand contracts carried over from last year, the four new building projects secured during the year commenced work, resulting in a 26% increase in construction revenue over prior year. Driven by these high volume of building works, the factory's annual output also surged, leading to a rise of revenue in building material supply segment to HK$1,320 million, or 65% year-on-year. The electrical and mechanical installation segment ("E&M") also performed well, with annual revenue up by 7% to HK$3,138 million. Having secured almost HK$16 billion in new contracts this year, the Group is projected to reach again record revenue of over HK$10 billion next year.

Despite our outstanding performance in business growth, we encountered unprecedented challenges in profitability. The Group's consolidated gross profit was down from HK$682 million to HK$135 million, mainly on our construction segment. On new-build projects, we experienced deficits from those projects awarded during the COVID period due to two key factors: low profit margins resulting from heightened market competition at that time, and declining material prices which triggered downward adjustment in the final contract value. There are also projects encountered unexpected complexity, leading to incurred costs significantly exceed estimates. And, the fit-out and maintenance businesses experienced notable decline in works orders in a few term maintenance contracts, leading to final profits far below projection. Customer orders for this type of public building maintenance contracts declined considerably this year, resulting in insufficient revenue to cover overheads in this year. On the E&M segment, profit margin remained stable as compared to last year.

Chairman's Statement

Total operating expenses has a mild increase by HK$12 million to HK$543 million. Major increases occurred in staff expenses and distribution expenses of the factory. The rise in staff costs was attributed to annual pay adjustments, increased headcount, and the recruitment of the hotel operation team for pre-opening works. Factory transportation and custom cost increased due to higher delivery volume. Notably, the delivery cost-to-revenue ratio remained stable as compared to last year.

Despite the challenging market environment, we are pleased to report positive development regarding the 10,000 m^2 residential properties at Longhua Shenzhen, the in-kind compensation for the Shenzhen factory removal years ago. We received in total 104 residential units at end of 2024. These properties are carried on account at a value referencing the latest market selling prices less incidental expenses. A net gain of RMB334 million was recognised on profit & loss account during the year.

For the reasons above, the Group recorded a consolidated loss after tax of HK$101 million. This result stemmed primarily from the construction segment's underperformance, compounded by an unrealised revaluation deficit of HK$26 million on investment properties and an amount of HK$41 million loss reported by the Hotel for staff costs, depreciation and interest expenses incurred during the temporary closure for renovation. We anticipate the profits would be improved next year once the hotel reopens.

Leveraging our advanced expertise and technologies, we once again secured substantial new contracts in this year, totaling HK$15,758 million. On new-build projects, we were awarded three Modular Integrated Construction ("MiC") building projects amounted to HK$11,251 million. Our leading capabilities in prefabrication and MiC construction strengthen our competitiveness, allowing us to win the contracts with fair margins. The E&M segment also got a solid volume of new contracts of HK$3,537 million (2024: HK$4,075 million), amidst a sluggish private project market. Our contract value has once again set a record, reaching HK$48,207 million. This robust order book volume demonstrates our competitiveness in the industry and underpins continued growth in our business and profitability.

Dividend

In the Board meeting held on 25 June 2025, the Directors did not recommend the payment of final dividend (2024: HK2.50 cents per share). Together with the interim dividend of HK2.50 cents (2024: HK2.50 cents) per share, total distribution is HK2.50 cents (2024: HK5.00 cents) per share this year.

Review of Operations

Building construction, renovation and maintenance

The construction segment excelled at securing new orders, yet its profitability suffered. The segment has secured significant new contracts this year, winning projects totaling HK$13,344 million including three large public housing building projects and a light public housing building project amounted to HK$11,890 million. The contract on hand reached a record HK$36,976 million at year end (2024: HK$30,550 million). The project teams completing current projects in near term can transition seamlessly to new projects. MiC building projects account for roughly two-third of the current project portfolio. Our proprietary technologies in MiC enable us to abstain from low-margin bidding wars and secured healthier profit margins on contracts won in last two years.

Nonetheless, profit of projects secured during the later stage of the pandemic faced headwinds. Firstly, contracts secured during that period were very competitive because of heightened market competitions. Besides, these projects eventually suffered from negative fluctuation index adjustments. For over two decades, Hong Kong's building industry has thrived. Public work projects earned positive price fluctuations. Unexpectedly, economic activities slowed down post pandemic, depressing some material prices especially the steel prices which triggered negative price fluctuation leading to downward adjustment in contract revenue. However, a lot of other costs like wages and subcontractor prices have not dropped. Profit of these contracts was therefore impaired. The impacts were assessed and reflected in this year.

This fluctuation price risk was then factored into our tendering over the past two years, building margin buffers. Our competitive edges enable us to win contracts while maintaining protective margin cushions. Additionally, a slump in the private property market reduced construction volume, forcing subcontractors to lower prices for our new contracts which improved our profit margin. We are confident that these newly awarded projects will deliver solid returns.

Chairman's Statement

With substantial amounts of contract on hand, we focus on completing current projects with disciplined cost control, ensuring on-time delivery of quality outputs. During the year, we upgraded our proprietary BEANiE system, a BIM-enabled blockchain multifunctional platform designed for full lifecycle project management, with an important feature – Smart Site Safety System (4S). This safety-centric upgrade provides real-time spatial analytics and visualisation, enabling ongoing monitoring of work sites by related stakeholders. BEANiE Smart Site Safety System contains the below 4 main modules:

– Intelligent safety monitoring systems for high-risk activity surveillance and automated hazard detection.

– Data transmission network for aggregating and relaying sensor-collected information.

– A central management platform functioning as an integrated hub for data analytics and alert generation. This system facilitates rapid response when detecting potential hazards or operational anomalies.

– The highest level of data-centric smart management for a smart city concept, incorporating a dashboard to display real-time data from construction projects, alongside open data and corporate information in the Smart Command Theatre. This allows for analysis related to smart city initiatives, smart environments, smart buildings, smart construction and smart mobility. Additionally, real-time monitoring of critical systems in a building (e.g. the latest hotel project) through digital twin technology can also be shown on the dashboard, ensuring that building operations can meet and even exceed sustainability standards, thereby optimising operational efficiency.

The upgraded system has been implemented in a number of our projects. The full lifecycle project management of the MiC construction is enhanced and further integrated.

Our continued development of digital construction and Artificial Intelligence ("AI") applications remains central to driving improvement in build efficiency and quality.

Electrical and mechanical installation

The Hong Kong private real estate market is in a downturn, with many private projects being suspended or delay, which has left some construction companies grappling with operational and financial challenges. Against this backdrop, the segment which is active in both public and private sectors' projects managed to deliver robust financial result. The segment recognised revenue of HK$3,138 million, increased by HK$208 million or 7% year on year. In addition, new contracts of HK$3,537 million (2024: HK$4,075 million) were secured, uplifting the contract on hand value to the record of HK$14,548 million. Our conventional businesses account for approximately 80% of this year's new contracts, providing solid profit base, with the balance stemming from our growing focus on environmental protection initiatives. Segment result was slightly up despite provisions were recognised against the receivables from contractors with known financial distress. We are relieved that this kind of delinquent balances was limited and all were reflected and provided in this year.

Chairman's Statement

As an innovation-focused company, we embrace innovative construction methods and technologies in the quest for excellence. AI is a key area to pursue. Apart from the series of AI smart site safety solutions launched last year, we integrated AI into all our existing energy saving solutions and products. The competitiveness of our products and solutions are raised as AI is poised to elevate the efficiency, reliability and overall performance. Besides, we keep increasing the use of Multi-trade integrated Mechanical, Electrical and Plumbing ("MiMEP") in most of our sizable projects like Chai Wan Government Complex and Vehicle depot and Sai Kung sewage treatment plant etc. Our robotic welding technologies facilitate largely the implementation and advancement in MiMEP. The MiMEP methodology has gained widely recognised outcomes, and we will further prioritise its development.

To further leverage on our innovation capabilities, we opened a new company in Nansha to develop Internet of Things ("IoT") related business for building energy saving via controller. In less than one year, we completed intellectual property applications for 1 invention patent, 9 utility model patents (China) and software copyrights, and 1 trademark registration. Also, we developed a series of edge IoT devices with controllers, that leverage cloud platforms for building data analysis, enabling migration from wired to wireless control system. Langham Hotel in Guangzhou is a successful showcase of our devices and system. The market potential is huge in particularly existing building system conversion.

Building materials supply

The segment has achieved record-high revenue for two consecutive years. Benefiting from last year's substantial new contracts, the segment reports yearly sales of HK$1,320 million, up 65% over prior year. In addition to the three public housing MiC contracts won by the construction team, the factory was also awarded various prefabrication supplies, aluminum and steel product supplies contracts from fellow subsidiary and third-party customers. Total amount of new contracts secured in this year was around HK$2 billion, raising again the contract on hand level to record HK$6.2 billion.

Since Year 2018 when the factory first start supplying MiC units, it has completed and delivered over 50,000 MiC/Volumetric precast modules so far. And it would deliver another approximately 70,000 MiC/Volumatic precast modules to fulfill the contracts on-hand. We are probably the largest MiC manufacturer in Greater Bay Area now. We continue to evolve our designs, offering customers enhanced options in term of functionality and cost-effectiveness. And, in view of the substantial order volume exceeding our current factory production capacity, we rented additional adjacent premises for storage and restructured our production processes and factory layout, while increasing the applications of automated production. The associated costs arising from these measures and the research and development activities are reflected as costs over the past two years, resulting in a drop in gross profits. Now, we focus on fulfilling our existing contracts, ensuring timely completion and delivery of quality products, while enhancing cost efficiency.

Chairman's Statement

Hotel operation and property investment and development

The renovation of the Group's hotel is nearing completion and is expected to reopen in the third quarter this year. As the first Motto by Hilton to open in Greater China and Asia Pacific region, leveraging Hilton's international reputation, we anticipate the hotel will attract many visitors to stay.

In fact, this year is an opportune time for the hotel's reopening, as the tourism industry in Hong Kong has shown clear signs of recovery. In the first quarter of 2025, Hong Kong reported 12.2 million visitors, representing a 9% increase year-on-year. The Hong Kong Tourism Board anticipates around 49 million annual visitor arrivals in 2025, a 10% rise from 2024. Also, in March 2025, the hotel occupancy rate of all surveyed Hong Kong hotels ranged at around 89%.

The Development Blueprint for Hong Kong's Tourism Industry 2.0 released by the Government recently outlines promising government initiatives to support the private sector in revitalising Hong Kong's tourism and hospitality industry. Strategies like integrating tourism with culture, sports, ecology, and mega-events, while also exploring new markets such as the Middle East and ASEAN, will enhance the positive momentum of Hong Kong's tourism industry. Hong Kong's hospitality resurgence, driven by tourism recovery and infrastructure investment, creates a prime environment for our Hotel to gain a good market share.

The residential units given as the compensation for our Shenzhen factory relocation were delivered to us at the end of Year 2024. We received in total 104 residential units, each with an area of approximately 95 to 99 square meters except the two duplex units. All units feature a three-bedroom layout, making them well-suited to meet the needs of typical families. These properties are recognised on account at the carrying value, referencing the latest market selling prices less incidental expenses. An amount of RMB334 million net gain was recognised in profit & loss account this year. The properties were launched on the market after Chinese New Year, and several units have been sold so far. Currently, sales are modest, but fortunately, the Mainland Government has rolled out a series of policies such as lowering mortgage interest rates and relaxing home purchases and loan restrictions to promote the stable and healthy development of the real estate market. Longhua is situated at the geometric center of Shenzhen and Guangdong-Hong Kong-Macao Greater Bay Area. It takes just 15 minutes to reach West Kowloon Railway Station in Hong Kong, 30 minutes to key areas of Shenzhen like Qianhai and Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. Once public confidence in the property market is restored, transaction volume will rise.

Outlook

Despite ongoing challenges such as high interest rates and labor costs, we anticipate a steady construction market, with the public work sector maintaining a positive trajectory. The Government's Policy Address and Long Term Housing Strategy Annual Report reaffirm its commitment to build 440,000 housing units in next ten years, driving sustained momentum in this segment. Major economic development plans including the Northern Metropolis project, the Hetao Shenzhen-Hong Kong Innovation and Technology Park, and other strategic infrastructure expansion are poised to further drive public sector project demands.

With years of expertise in the public sector projects, our principal market, we hold distinct competitive edges built on deep industry knowledge and a proven track record of success. And our proprietary building technologies are well-aligned with the evolving market demands. We are confident in our ability to maintain a solid market position in this segment which serves as reliable sources of long-term growth.

Yau Lee has a number of strengths, including

– The record contracts on hand: the amount of HK$48,207 million high-quality order book at 31 March gives good visibility of activities in next few years.

– The Group's commitment to innovation: the belief and commitment are deeply rooted in our culture, driving us to continuously explore industry trends and develop cutting-edge solutions. Our patented prefabrication and MiC technologies and BEANiE, Hong Kong's first BIM-enabled blockchain multifunctional platform aims for just in time and lean construction, epitomise our innovation leadership. Beyond this, we empower our employee to improve workflows, develop new tools, and boost efficiency across the Group. This spirit of continuous improvement is evident in those impactful small-scales innovations like energy storage system and a series of NB-IoT applications led by the E&M division year after year.

– Reliable manufacturing excellence: our state-of-the-art manufacturing plant's proven track records ensure on-time delivery of high-quality products.

In an unpredictable global environment, the Group's core business segments will demonstrate their capacity to adapt to market developments. We will focus on enhancing profitability. Also, the hotel is set to reopen later this year, and its operations are expected to generate good revenue streams and healthy cash flow. Consequently, we aim for an increase in revenue and profitability in 2025 versus 2024.

Chairman's Statement

In the long run, innovation and environmental sustainability will remain the cornerstones of our development strategy. Given the rapid advancement of AI and digitalisation, we will actively explore their applications in our industry to further enhance the Group's competitiveness and market share.

On behalf of the Board, I want to thank every hardworking team member who gave their best when it mattered most. We navigated this tough year together and we are profoundly grateful. And I must express my appreciation to our shareholders for their forbearance and faith in us throughout these years.

Wong Ip Kuen
Chairman

Hong Kong, 25 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 31 March 2025, the Group's total cash and bank balances was HK$770 million (2024: HK$906 million) and total borrowings increased to HK$2,754 million (2024: HK$2,292 million). As some construction and electrical and mechanical projects were in peak stage of works, the needs for working capital were higher, causing the reduction in cash and bank balances. The increase in borrowings was primarily due to financing of new construction projects and the refurbishment work of our hotel property. The current ratio (total current assets: total current liabilities) as at 31 March 2025 was 1.1 (2024: 1.1). Total current liabilities included two term loans from banks with the majority amount due in next two to three years. They were classified as current liabilities pursuant to specific criteria under the relevant accounting standard, the current ratio was so lowered by 0.1. Taking these two term loans into account, the amount of bank loans fall due beyond one year would be HK$847 million (2024: HK$442 million). With prudent financial management policy in place, the Group considers the financial position as sound and healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangements when appropriate. As at 31 March 2025, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$5,737 million (2024: HK$3,825 million), of which HK$3,711 million (2024: HK$2,887 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

Human Resources

As at 31 March 2025, the Group had approximately 4,500 (2024: 3,900) employees. There are approximately 3,600 (2024: 3,000) employees in Hong Kong, Macau and Singapore and 900 (2024: 900) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group also invests substantially on training and staff development. We promote continuing learning and help the professional and personal development of our employees.

SUMMARY OF CONTRACTS

Movement of incomplete contracts

For the year ended 31 March 2025

Contract value

	31 March 2024 *HK$'million*	Contracts Secured *HK$'million*	Contracts Completed *HK$'million*	**31 March 2025** ***HK$'million***
Building construction, renovation and maintenance	30,550	13,344	(6,918)	**36,976**
Electrical and mechanical installation	13,402	3,537	(2,391)	**14,548**
Building materials supply	4,391	2,130	(344)	**6,177**
Others	16	40	(34)	**22**
Less: Inter-segment contracts	(7,571)	(3,293)	1,348	**(9,516)**
	40,788	15,758	(8,339)	**48,207**

Building construction, renovation and maintenance segment

Contracts completed during the year ended 31 March 2025

Contracts

Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible (Designated Contract Area: Kowloon City, Sai Kung and Outlying Islands (Sai Kung)) (2020/2024)

Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible (Designated Contract Area: Wong Tai Sin and Sha Tin) (2020/2024)

Design and Construction of a Community Health Centre cum Social Welfare Facilities at Pak Wo Road, North District

Dedicated Rehousing Estate at Hung Shui Kiu Phase 1A

Term Contract for the Design and Construction of Fitting-out Works to Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Designated Contract Area: Hong Kong Island and Outlying Islands) (2021/2024)

Hospital Authority Term Contract for Minor Works for Kowloon Central Cluster

Public Rental Housing Project at Shek Pai Wan Road

Construction of Public Housing Development at Anderson Road Quarry Site R2-5

Summary of Contracts

Building construction, renovation and maintenance segment (continued)

Contracts secured in prior years and in progress during the year ended 31 March 2025

Contracts

Design and Construction of Chai Wan Government Complex and Vehicle Depot

Construction of Public Housing Development at Tung Chung Area 99, Tung Chung

District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Tai Po, North, Shatin Region (3) 2022/2025

Construction of Public Housing Development at Long Bin Phase 1

Construction of Public Housing Development at Kwu Tung North Area 19 Phase 1A and Phase 1B

Construction of Public Housing Development at Fanling North Area 15 East Phase 1

Design and Construction of Public Housing Developments at Tuen Mun Area 54 Site 4A (South) and Site 5

Design and Construction of Public Housing Developments at Tung Chung Area 114 and Tung Chung Area 117

Contracts secured in current year

Contracts

Term Contract for the Design and Construction of Fitting-out Works to Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Designated Contract Area: Hong Kong Island and Outlying Islands) (2024/2028)

District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Hong Kong Island and Islands (1) 2024-2027

Design and Construction of Light Public Housing at Hang Kwong Street, Ma On Shan and at Five Vacant School Premises

Construction of Public Housing Development at Shek Li Street, Kwai Chung

Construction of Public Housing Development at Wang Chau Site B, Yuen Long

Design and Construction of Public Housing Developments at Fanling Area 48

Contract secured subsequent to the year end and up to the date of this report

Contract

Hospital Authority Term Contract for Minor Works 2025 for Kowloon West Cluster

Summary of Contracts

Electrical and mechanical installation segment

Contracts completed during the year ended 31 March 2025

Contracts

Design & Construction of a Community Health Centre Cum. Social Welfare Facilities at Pak Wo Road, North District*

Term Contract for the Design & Construction of Fitting-Out Works to Buildings & Lands & Other Properties for which the Architectural Services Department is Responsible (Designated Contract Area: Kowloon and New Territories)*

Contracts secured in prior years and in progress during the year ended 31 March 2025

Contracts

Design, Supply and Installation of Seawater Supply System for Seawater Pump House 1 & 7 at Hong Kong International Airport

Building Services Installation for Hospital Authority Term Contract for Minor Works at Kowloon Central Cluster*

Term Contract for Overhaul, Maintenance, Testing & Plant Engineering works of Electrical & Mechanical Installations for various Sewage Treatment Facilities & Pumping Stations on Lantau & Outlying Islands

Air-conditioning and Ventilation Systems Term Maintenance Contract (Kowloon East, Wong Tai Sin, Tsing Yi, Tsuen Wan, Kwai Chung, Tuen Mun and Yuen Long Regions) 2022/2023 – 2025/2026 for Housing Authority Estates, Areas and Buildings

Guangzhou Hong Kong Jockey Club Horse Sports Training Ground (Renovation Project of Equestrian Stadium of the 16th Asian Games in Guangzhou), Grandstand (FG1) and Supporting Facilities Integrated E&M System Sub-Contract

Term Contract for Inspection, Repair, Overhaul & Testing of Electrical & Mechanical Installations at Various Sewage Treatment Works and Pumping Stations in Sha Tin & Sai Kung (2023-2026)

* Inter-Segment Contracts

Summary of Contracts

Electrical and mechanical installation segment (continued)

Contracts secured in current year

Contracts

Electrical & MVAC Installation for Construction of Public Housing Development at Tung Chung Area 114 & Tung Chung Area 117*

Term Contract for Mechanical and Electrical Works of Water Supplies Department – Districts K&W – Kowloon and New Territories West (1.5.2025 – 30.4.2029)

Plumbing & Drainage Installation for Construction of Public Housing Development at Tung Chung Area 114 & Tung Chung Area 117*

Term Contract for the Design & Construction of Fitting-Out Works to Buildings & Lands & Other Properties for which the Architectural Services Department is Responsible (Designated Contract Area: Hong Kong Island and Outlying Islands)*

Triennial Term Contract for Operation and Maintenance of Electrical, Mechanical and Other Installations for Municipal Venues in Kowloon of the Government of the Hong Kong Special Administrative Region

Triennial Term Contract for the Operation and Maintenance of Electrical, Mechanical and Other Installations for Municipal Venues in New Territories East Areas of the Government of the Hong Kong Special Administrative Region

Contracts secured by joint operations in prior years

Contracts

Term Contract for Maintenance and Operation Support of On-site Chlorine Generation Plants (Phase 2) of Water Supplies Department (2022-2026) (50% effective interest by the Group)

Construction of Siu Ho Wan Water Treatment Works Extension and Siu Ho Wan Raw Water Booster Pumping Station (35% effective interest by the Group)

Contracts secured by joint operations in current year

Contracts

Design-Build-Operate Contract for the Phase 1 District Cooling System (DCS) at Kwu Tung North New Development Area (60% effective interest by the Group)

Power Supply System and Trackside Auxiliaries for Tuen Mun South Extension, Kwu Tung Station on East Rail Line and Hung Shui Kiu Station (Contract No.: 1555) (40% effective interest by the Group)

* Inter-Segment Contracts

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Wong Ip Kuen, BBS

aged 89, is the Chairman of the Group. Mr. Wong has over 70 years of experience in the building construction industry of Hong Kong. He is responsible for the overall strategic development and management of the Group. Mr. Wong has been awarded the Bronze Bauhinia Star (BBS) by the Government of the HKSAR in the year of 2022 for his notable contributions to the construction industry in particular driving Hong Kong to become one of the global leading forces in applying precast elements in building works.

Mr. Wong is the father of Ir. Dr. Wong Tin Cheung and Dr. Wong Rosana Wai Man.

Ir. Dr. Wong Tin Cheung, BBS, JP

aged 61, is a professional engineer who has over 30 years of building construction experience. He is the Vice Chairman of the Company, undertaking the post of Managing Director of Yau Lee Construction Company Limited.

Ir. Dr. Wong is responsible for the overall strategy formulation of the Group, including overseeing business and technologies development. Ir. Dr. Wong has particular passion for green building technologies, Building Information Modeling (BIM), modular and precast construction as well as manufacturing automation. Under his leadership, Yau Lee has successfully introduced the first concrete Modular Integrated Construction (MiC) in Hong Kong for a government quarter project. Since 2017, Ir. Dr. Wong has been putting a great deal of effort in developing various robotic and Artificial Intelligence (AI) applications for the construction industry.

Ir. Dr. Wong holds a Bachelor Degree of Science in Civil Engineering from the University of Southampton, Master Degree of Science (Engineering) in Foundation Engineering from the University of Birmingham, Master Degree of Business Administration from the Chinese University of Hong Kong and Bachelor Degree in Religious Studies from the Holy Spirit Seminary College of Theology & Philosophy. He is a Fellow member of the Hong Kong Institution of Engineers, the Chartered Institute of Building, the Institution of Civil Engineers (United Kingdom), the Hong Kong Institute of Building Information Modelling as well as the Hong Kong Institute of Construction Managers. In October 2020, Ir. Dr. Wong completed his Doctor of Philosophy Degree in City University of Hong Kong. His speciality is adopting AI to optimise energy consumption for large scale central air conditioning system. Ir. Dr. Wong has also been appointed as the Adjunct Professor by the Department of Civil Engineering in the University of Hong Kong.

Ir. Dr. Wong is very active in public and community services. Currently, he is the Chairman of the Council of the Hong Kong Metropolitan University, the Chairman of the New Energy Transport Fund Steering Committee, the Deputy Chairman of the Energy Advisory Committee, the Member of the Green Technology and Finance Development Committee, the Member of the Trade and Industry Advisory Board. In the past, Ir. Dr. Wong served as the Chairman of the Occupational Safety and Health Council, the Chairman of the Hong Kong Green Building Council, the President of the Hong Kong Construction Association, the President of the International Federation of Asian and Western Pacific Contractors' Associations, the Chairman of Pneumoconiosis Compensation Fund Board, the Deputy Chairman of Vocational Training Council, the Member of Construction Industry Council, the Member of the Antiquities Advisory Board, the Member of the Advisory Council on the Environment, the Member of the Town Planning Board, the Member of the Environmental Campaign Committee and the Chairman of the Awards Committee on the Hong Kong Awards for Environmental Excellence and the Director of the World Green Building Council.

Ir. Dr. Wong was appointed as the founding president of the Hong Kong Modular Integrated Construction Manufacturers Association (MiMCHA) in 2024. He is dedicated to promoting the development of the Modular Integrated Construction (MiC) and Multi-trade integrated Mechanical, Electrical and Plumbing (MiMEP) industries in Hong Kong, actively advancing the application and innovation of related technologies.

Biographical Details of Directors and Senior Management

Ir. Dr. Wong was awarded the "2001 Hong Kong Outstanding Young Digi Persons Award" and the "Bauhinia Cup Outstanding Entrepreneur Award 2002" presented by the Hong Kong Polytechnic University. In 2009, he was conferred the Honorary Fellow by the Vocational Training Council and the Honorary Fellow by the University of Central Lancashire in recognition of his contributions. In 2021, he was awarded the "Outstanding Achievement Award" by the Hong Kong Institute of Construction Managers in recognition of his remarkable accomplishments in construction management and significant contributions to the industry. Additionally, he was conferred the Honorary Fellow of the Hong Kong Institute of Marketing in 2022, a Fellow of the Hong Kong Academy of Engineering in 2024 and the Honorary Fellow of the GBA Institute in 2025.

Ir. Dr. Wong was a Member of 10th and 11th Guizhou Province Committee of the Chinese People's Political Consultative Conference and he was appointed Justice of the Peace (J.P.) in 2008 and awarded the Bronze Bauhinia Star (BBS) by the Government of the HKSAR in the year of 2013 for recognition of his outstanding contributions made to Construction Industry.

Ir. Dr. Wong is the son of Mr. Wong Ip Kuen and brother of Dr. Wong Rosana Wai Man.

Dr. Wong Rosana Wai Man, MH

aged 58, has been appointed as an Executive Director of the Company since 2008, following her tenure with different entities in the Group starting in 2003. She currently holds the position of Deputy Chair of the Company.

She is also Director of various companies which carry out primary business of the Group, namely Yau Lee Construction Company Limited, Yau Lee Wah Concrete Precast Products Company Limited, Yau Lee Hing Materials Manufacturing Limited, Yau Lee Curtain Wall and Steel Works Limited, REC Engineering Company Limited, REC Green Technologies Company Limited, REC Green Energy Solutions Company Limited, Yau Lee Hotel Limited, Yau Lee Innovative Technology Limited, VHSoft Technologies Company Limited, InnoVision Architects & Engineers Limited and Leena Theme Painting Limited; Founder & CEO of Global Virtual Design & Construction Limited; as well as the Managing Director of Yau Lee Infrastructure Company Limited and Yau Lee Construction (Macau) Company Limited.

Dr. Wong leads the Group's integrated business sectors and plays a pivotal role in formulating overall strategic planning. With over two decades of entrepreneurial experience, she oversees corporate business development, manages construction projects in Hong Kong, and drives the expansion into regional and international markets. She also steers the implementation of construction digitalization and full lifecycle management.

Dr. Wong is driven by her passion for combining technology, innovation and science with sustainable ecosystem in Energy & Environmental Systems, Water Sustainability, Spatial Data Infrastructure, Nanotechnology & Digital Fabrication, Artificial Intelligence, Augmented Reality, Coding, Networks & Computing Systems, Large Language Model, Cyber Security as well as E-health, Wellness & Biotechnology. Under her leadership, the Group has diversified its businesses to include building construction, IT solutions, MEP Services, architecture & engineering, energy optimisation solutions, precast and low carbon building materials, curtain wall & steel works, along with investment, property and hotel development, establishing itself as an award-winning, forward-thinking and green corporation on a global scale.

Dr. Wong is also a Vice President of Smart City Consortium (the"SCC"), Chair of SCC's Smart Living Committee, Deputy Director of China Green Building (Hong Kong) Council, Member of Construction Industry Council's Committee on Building Information Modelling and Construction Digitalisation, Co-chair of CIC's Task Force on BIM Personnel Development and Member of other CIC's Task Forces including BIM Submission to the Buildings Department and Development of BIM-related Digital Solutions, Member of Advisory Panel for Signature CDE Course and Master Class on AI, Member of Sub-committee on Access of the Rehabilitation Advisory Committee of the Government of the HKSAR, Honorary Advisor of the Hong Kong PropTech Association, Member of HKTaxi Industry Innovation Committee, Council Member of The Better Hong Kong Foundation, Director and Fundraising Committee Chair of The Zonta Club

Biographical Details of Directors and Senior Management

of Kowloon, Director of Lumivoce, Member of the Federation of Hong Kong Hotel Owners, Council Member of the Orion Astropreneur Space Academy and its former Board Member and Honorary President of the Hong Kong Qingdao Association. During 2017-2023, Dr. Wong served as a Director for Hong Kong Cyberport and the Chair of Construction and Facilities Committee.

Dr. Wong holds a Bachelor Degree with First Class Honours in Design from the De Montfort University, a Master Degree in Design from the Royal College of Art in the UK, and Executive Master Degree in Business Administration, Master Degree in Philosophy both awarded by the Chinese University of Hong Kong, a Doctor of Philosophy from the University of Hong Kong, and an executive programme in technology from the Singularity University in the US.

Dr. Wong is the daughter of Mr. Wong Ip Kuen and sister of Ir. Dr. Wong Tin Cheung.

Mr. Sun Chun Wai

aged 64, earned a Bachelor Degree in Britain. He joined the Group in 1992 to manage the Group's property development, construction works, manufacturing and supply of building materials, and development and marketing of computer software in Mainland China. Mr. Sun was appointed as an Executive Director of the Company in 1994 and is responsible for the Group's business management and development in Mainland China.

Independent non-executive directors

Mr. Chan Bernard Charnwut

aged 60, has been an Independent Non-Executive Director of the Company since 2000. He is a graduate of Pomona College in California, USA and he is the Chairman & President of the publicly-listed Asia Financial Holdings Ltd. and Chairman of Asia Insurance Co. Ltd. Mr. Chan was a Hong Kong Deputy to the National People's Congress of The People's Republic of China (2008-2023) and the previous Convenor of the Non-Official Members of the Executive Council (2017-2022). He is a former non-official member of Hong Kong's Executive Council (2004-2009 and 2012-2022) and former member of Hong Kong's Legislative Council (1998-2008) representing the insurance industry. He is Chairman of M Plus Museum, Steward of The Hong Kong Jockey Club, Chairman of the Tai Kwun Culture & Arts Co. Ltd., Chairman of Our Hong Kong Foundation and Chairman of the Hong Kong Chronicles Institute. He is an Independent Non-Executive Director of Cathay Pacific Airways Limited, Chen Hsong Holdings Limited and China Resources Beer (Holdings) Limited, all of which are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). In addition, he is also an Advisor of the Bangkok Bank (China) Company Limited, the Chairman of Hong Kong-Thailand Business Council, the Vice-Chairperson of The Hong Kong Council of Social Service and a Trustee Emeritus of the Pomona College, California, USA.

Mr. Wu King Cheong

aged 73, has been an Independent Non-Executive Director of the Company since 1994. Mr. Wu is a Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Limited. He is an Independent Non-Executive Director of Henderson Land Development Company Limited, Henderson Investment Limited, Miramar Hotel and Investment Company, Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are companies listed in Hong Kong.

Biographical Details of Directors and Senior Management

Mr. Yeung Tak Bun

aged 59, has been an Independent Non-Executive Director of the Company since 2023. He served as the former Government Chief Information Officer, responsible for formulation of policies and strategies for Hong Kong's information industry in development of the digital economy, e-government, cyber-security, and formulation of the blueprint for developing Hong Kong into the world's leading smart city. He was the Chief Corporate Development Officer at the Hong Kong Science and Technology Parks Corporation, responsible for the development strategy of the science park, nurturing and supporting bio-tech, green-tech, IT and electronics enterprises. Mr. Yeung started his career in Silicon Valley and had worked for several high-tech companies. Thereafter, he held several senior management positions in multinational corporations, Hong Kong listed companies and private equity funds, with operations throughout Asia.

Mr. Yeung has contributed a lot in promoting and developing the innovation and technology industry in Hong Kong and the region. He has established Hong Kong Business Angel Network, Greater Bay Area International Information Technology Association and Institute of Big Data Governance. He has served on the boards and advisory committees of various associations/organizations, including the Federation of Hong Kong Industries, The Hong Kong Polytechnic University, The Chinese University of Hong Kong, The University of Hong Kong, Trade Development Council, YIDA Youth Innovation and Development Alliance etc.

Mr. Yeung holds a Bachelor of Science degree in Electrical Engineering from the University of Texas (Austin), a Master of Science in Electrical Engineering from Purdue University, and an Executive MBA from the Kellogg School of Management of the University of Northwestern in conjunction with the Hong Kong University of Science and Technology.

Mr. Yeung is currently an Independent Non-Executive Director of PAO Bank Limited and the below listed company on SEHK.

1) Chinasoft International Limited (stock code: 0354)
2) UMP Healthcare (stock code: 0722)

Dr. Yeung Tsun Man Eric

aged 79, has been an Independent Non-Executive Director of the Company since 1993. Dr. Yeung is Chairman of Perfekta Toys Lda. He holds directorships of companies in Hong Kong, Macau and Mainland China, which are engaged in electronics, respirator, trading and agricultural businesses. He was a Standing Committee Member of the National Committee, 10th, 11th and 12th session of the Chinese People's Political Consultative Conference, the Chairman of Macau Productivity and Technology Transfer Centre and a Member of YPO Gold Organization. He was awarded the Medal of Merit by the Macau Government in 1994, Commander of the Order of Merit by the Government of Portugal in 1998, the Medal of Professional Merit by the Macau SAR Government in 2001 and Gold Lotus Medal of Honor by the Macau SAR Government in 2010. He is also listed in "The Marquis Who's Who in the World" and "The International Who's Who of Professionals".

Biographical Details of Directors and Senior Management

Senior management[#]

Mr. Au Kam Fai Eric, Commercial Director

aged 71, joined the Group in 2014 as a Contracts Advisor and was appointed as Commercial Director in 2016. Mr. Au is a Fellow Member of the Hong Kong Institute of Surveyors. He holds a Law Degree and a Master Degree in Arbitration & Dispute Resolution. He has been the Chairman of the Quantity Surveying Division of the Hong Kong Institute of Surveyors (1994/1995). Before joining the Group, Mr. Au has over 40 years of experience in quantity surveying and has been appointed as Expert Witness in respect of the valuation of variations and assessment of claims for a number of arbitration and litigation cases. He has an in-depth working knowledge of contract administration and construction law and of the various standard forms of contract, methods of measurement, specifications and other related documentation. He also has substantial experience in dealing with additional costs/loss & expenses/damages claims and the causes and effects of delays to construction works. Mr. Au is now responsible for managing both the contractual and commercial matters of the projects handled by the Group.

Mr. Chan Chi Ming Antonio, Deputy Managing Director of REC Engineering Company Limited

aged 63, joined the Group in 1996 as a Building Services Project Manager and became Building Services Manager in 2002. He was appointed as Executive Director in 2008 upon successful acquisition of REC Engineering Company Limited as part of the Group. He was promoted to Deputy Managing Director starting from January 2018 and is now responsible for the overall operation of the company in Hong Kong, China and Macau. Under the directions of the Board of Directors, he successfully leads the team to implement many pilot projects including the first Floating PV System in Shek Pik Reservoir, the first Automated Parking System in EMSD Headquarters. He also leads the team actively participating in smart building, smart mobility, sustainability and advanced construction technology including robotic welding.

He graduated from Portsmouth University of UK with a Bachelor Degree in Electrical and Electronic Engineering. He also holds a Master of Science Degree in Fire Safety Engineering from University of Central Lancashire of UK and an Executive Master Degree of Business Administration from The Chinese University of Hong Kong.

He is a Chartered Engineer of Engineering Council UK, a Fellow Member of the Hong Kong Institution of Engineers, a Member of the Institution of Engineering and Technology, a Member of the Institution of Fire Engineers and a Member of the European Federation of Engineers. In addition, he is also a Registered Professional Engineer, a BEAM Professional, CIC-Certified BIM Manager and the latest Engineering BIM Professional of the HKIE. Currently he is the Chairman of the Hong Kong Federation of Electrical and Mechanical Contractors, Council Member of the Hong Kong E&M Contractors' Association, Council Member of the Hong Kong Air Conditioning and Refrigeration Association, Vice President of Hong Kong Energy Conservation Association, Committee Member of the Guangzhou Association for Science and Technology, Committee Member of the Industrial Liaison Group to the SCOPE of City University of Hong Kong, Council Member of the HKMiCMA, Member of CIC Mainland Affairs Committee, Member of CIC Task Force of BIM Personnel Development, Member of CIC Construction Workers Registration Board (CWRB), Member of the VTC Electrical and Mechanical Training Board, Member of the VTC Engineering Discipline Advisory Board, Member of the DevB Drinking Water Safety Advisory Committee, Member of the DevB Labour Importation Scheme for the Construction Sector Consultative Committee, Panel Member of THEi Professional Diploma in BS Programme Review, Member of the HKGBC Retro-fitting Expert Group, Member of the Engineers Registration Board (2024/2025) and Member of the HKMU Construction Engineering Programme Advisory Peer Group. He is also the Past President of Hong Kong Air Conditioning and Refrigeration Association, Past Chairman of the HKIE-Building Services Division, Ex-Director of the Hong Kong Green Building Council, Ex Steering Committee Member of Construction Innovation and Technology Fund, Ex CIC BIM Committee Member and Ex CIC Task Force on BIM Training.

[#] In alphabetical order

Biographical Details of Directors and Senior Management

Ms. Lam Kwok Fan, Chief Financial Officer and Company Secretary

aged 59, joined the Group in 2012. She holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and Executive Master Degree in Business Administration from The Chinese University of Hong Kong. She is a Practicing Member of the Hong Kong Institute of Certified Public Accountants and an Associate Member of the Hong Kong Chartered Governance Institute. She has more than 30 years of experience in auditing, accounting, finance and company secretarial field. Prior to joining the Company, she has worked for one of the big four international audit firms and has held senior finance positions in international bank and large corporation.

Mr. Lee Shiu Ming, General Manager

aged 68, joined the Group in 1987. He has held various posts within the Group namely, Quality Control Engineer, Research, Design and Development Manager, Project Manager and Deputy General Manager (Engineering) before promotion to the present position in 2016. He has 40 years working experience, particularly in the precast construction technology. He holds a Higher Diploma in Structural Engineering and a Master Degree in Business Administration (Total Quality Management). He is a Chartered Engineer in UK and a Corporate Member of the Institution of Structural Engineers. He is also a Fellow Member of the Hong Kong Institution of Engineers and a Registered Professional Engineers (Structural). He has been appointed as an Adjunct Associate Professor in the Department of Civil and Environmental Engineering of The Hong Kong Polytechnic University. He is currently serving as the Vice-President (Building), the Chairman in Building Committee and a Vice-Chairman in Health and Safety Committee of Hong Kong Construction Association.

Mr. Leung Kin Sum, General Manager of Yau Lee Wah Concrete Precast Products Company Limited

aged 46, joined the Group in 2005 and was promoted to the current position in 2023. Mr. Leung holds a Bachelor of Engineering in Civil and Structural Engineering from the Hong Kong University of Science and Technology and an Executive Master of Business Administration. Mr. Leung is currently a member of the Institution of Civil Engineers and the Institution of Structural Engineers of the United Kingdom, as well as a Registered Professional Engineer of the Hong Kong Engineers Registration Board. He has been focused on the development of precast concrete construction technology in Hong Kong since 2000 and the operation of precast production plants in China.

Mr. Ng Kwok Keung Raymond, Executive Director of REC Engineering Company Limited

aged 61, joined REC Engineering Company Limited in 1992 and was appointed as Executive Director in 2024. Over the years, he has been involved mainly in the Hong Kong operation.

He holds a Bachelor of Engineering Honors Degree in Mechanical Engineering from Portsmouth University and a Master of Science Degree in Engineering Business Management from The University of Warwick. He is a Chartered Engineer of Engineering Council UK, a member of Hong Kong Institution of Engineers, a member of the Institution of Mechanical Engineers and Registered Professional Engineer. Currently, he was appointed as Authorized Signatory of a Registered Specialist Contractor (the Ventilation Works Category) under Building Ordinance. Moreover, he has acted as a member of the Contractors Registration Committee of Building Department since 2023.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2025.

Principal activities, segment analysis and business review

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. In addition, the Group is engaged in other activities which mainly include computer software development and architectural and engineering services.

An analysis of the Group's performance for the year by business segments is set out in Note 5 to the consolidated financial statements.

The business review of the Group for the year and the outlook of the Group's future business developments are provided in the Chairman's Statement and the Management Discussion and Analysis sections on pages 3 to 11 of this annual report.

Particulars on the Group's environmental policies and performance, and key relationships with employees, customers, suppliers and others were set out in the Environmental, Social and Governance Report on pages 40 to 76 of this annual report.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 83.

An interim dividend of HK2.50 cents (2024: HK2.50 cents) per share was paid during the year ended 31 March 2025.

In the Board meeting held on 25 June 2025, the Directors did not recommend the payment of final dividend for the year ended 31 March 2025 (2024: HK2.50 cents per share, totalling of HK$10,951,000).

Closure of register of members for Annual General Meeting ("AGM")

The register of members of the Company will be closed from 29 August 2025 (Friday) to 3 September 2025 (Wednesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the AGM which is scheduled to be held on 3 September 2025 (Wednesday).

In order to qualify for attendance to the AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 28 August 2025 (Thursday).

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK$559,000 (2024: HK$491,000).

Principal properties

Details of the principal properties held for investment purposes are set out on page 163 of this annual report.

Distributable reserves

At 31 March 2025, the reserves of the Company available for distribution, calculated under the Companies Act 1981 of Bermuda, amounted to approximately HK$962,451,000 (2024: HK$986,682,000).

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda.

Five year financial summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 164 of this annual report.

Purchase, sale or redemption of shares

The Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold the Company's listed securities during the year ended 31 March 2025.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Wong Ip Kuen *(Chairman)*
Ir. Dr. Wong Tin Cheung *(Vice Chairman)*
Dr. Wong Rosana Wai Man *(Deputy Chair)*
Mr. Sun Chun Wai

Independent Non-Executive Directors

Mr. Chan Bernard Charnwut
Mr. Wu King Cheong
Mr. Yeung Tak Bun
Dr. Yeung Tsun Man Eric

In accordance with the Company's Bye-laws and the Corporate Governance Code (the "Code") under The Rules Governing the Listing of Securities on The SEHK ("Listing Rules"), Dr. Wong Rosana Wai Man, Mr. Sun Chun Wai and Mr. Chan Bernard Charnwut shall retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election.

Directors' service contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

At the date of this report, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK$0.2 each in the Company

Director	Number of shares held (long position) Corporate interest	Percentage
Mr. Wong Ip Kuen	267,642,599	61.10%

The shares referred to above are registered in the names of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 36,963,000 shares of the Company. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. All Fine Investment Company Limited and Billion Goal Holdings Limited are incorporated in the British Virgin Islands. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the year, none of the Directors and chief executives (including their spouses and minor children) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the year was the Company, its subsidiaries, its associates, its joint ventures or joint operations a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Substantial shareholders' interests and short positions in shares, underlying shares of the company

At 31 March 2025, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

–	five largest suppliers	12%
–	the largest supplier	4%

Sales

–	five largest customers	74%
–	the largest customer	56%

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the major suppliers or customers noted above.

Directors' material interest in transactions, arrangements or contracts

The following connected transactions of the Group were conducted during the year under review, in respect of which the particulars were previously disclosed by way of an announcement, and is required under the Listing Rules to be disclosed in this annual report.

On 10 May 2024, an agreement was made between the Company and Asia Insurance Company Limited ("ASI") for the provision of group medical insurance service in accordance with the terms of the agreement. ASI was paid a premium of HK$4,369,000 for the service from 1 June 2024 to 31 May 2025.

On 10 May 2024, an agreement was made between REC Engineering Company Limited ("REC"), a wholly-owned subsidiary of the Company, and ASI for the provision of group medical insurance service in accordance with the terms of the agreement. ASI was paid a premium of HK$2,966,000 for the service from 1 June 2024 to 31 May 2025.

On 23 April 2024 and 27 March 2025, agreements were made between REC and ASI for the provision of life insurance service in accordance with the terms of the agreements. ASI was paid premium of HK$753,000 each for the services from 1 April 2024 to 31 March 2025 and from 1 April 2025 to 31 March 2026 respectively.

Mr. Chan Bernard Charnwut, an Independent Non-Executive Director of the Company, is the controlling shareholder of Asia Financial Holdings Ltd ("ASH") and ASI is directly wholly-owned by ASH. ASI is therefore an associate of Mr. Chan Bernard Charnwut. Accordingly, the aforesaid transactions constitute connected transactions of the Company under the Listing Rules.

Save as disclosed above, there was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2025.

Sufficiency of public float

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

Corporate governance

The Company's Corporate Governance Report is set out on pages 28 to 39.

Independent auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Ip Kuen
Chairman

Hong Kong, 25 June 2025

CORPORATE GOVERNANCE REPORT

The Board believes that corporate governance is fundamental to corporate long-term success and the enhancement of shareholders' value. The Company has adopted the principles and practices of the Code as set out in the Appendix C1 of Listing Rules. The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies.

The Board of Directors

During the year, the Board of Directors of the Company comprises four Executive Directors and four Independent Non-Executive Directors, whose biographical details are set out on pages 16 to 21 of this annual report.

The Company forms its Board of Directors based on the characteristics and uniqueness of its operations to ensure that each Director possesses the required experience and management expertise. In order to balance the power between the Executive Directors and Independent Non-Executive Directors, the Company appointed four qualified candidates to become its Independent Non-Executive Directors to ensure the independence of the policy making process of the Board and protect the interests of its shareholders. The Company has received written annual confirmation of independence from each of the Independent Non-Executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers them independent.

The responsibilities of the Chairman and the Vice Chairman/Deputy Chair of the Company are properly defined and separated. The Chairman is responsible for leading the Board of Directors to ensure effective operation of the Board and compliance with corporate governance requirements. The Vice Chairman/Deputy Chair is responsible for the day-to-day operation of the Company and implementation of the development strategy adopted by the Board of Directors. The Chairman is the father of the Vice Chairman/Deputy Chair.

The Directors have delegated day-to-day operation of the business of the Group to the management of relevant subsidiaries or divisions.

The Directors held regular meetings during the year to discuss the overall development strategy, operations and financial performance of the Company. The matters resolved and considered by the Directors include overall development strategies, major acquisitions and disposals, annual and interim results, dividend policy, proposed appointment and re-election of directors, appointment of auditor and other operational and financial matters relating to the Company. Notice convening each regular Board meeting was sent at least 14 days in advance, and reasonable notice would be given for other Board meetings. The agenda, accompanied by the relevant documents of the Board meeting were sent to each Director with sufficient period in advance to enable each Director to fully understand the matters to be discussed and make an informed opinion. Each Director had the right to seek independent professional advice in furtherance of his/her duties at the expense of the Company. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

During the year, four Board meetings were held. The attendance of the Directors at the meetings of the Board, its respective committees and general meeting are as follow:

	Number of meetings attended/held					
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**	**General Meeting**
Mr. Wong Ip Kuen	4/4	N/A	N/A	N/A	N/A	1/1
Ir. Dr. Wong Tin Cheung	4/4	N/A	1/1	N/A	1/1	1/1
Dr. Wong Rosana Wai Man	3/4	N/A	N/A	N/A	1/1	1/1
Mr. Sun Chun Wai	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Chan Bernard Charnwut	4/4	2/2	1/1	1/1	1/1	0/1
Mr. Wu King Cheong	4/4	2/2	1/1	1/1	1/1	1/1
Mr. Yeung Tak Bun	4/4	N/A	N/A	N/A	N/A	1/1
Dr. Yeung Tsun Man Eric	4/4	2/2	1/1	1/1	1/1	1/1

Diversity Policy

Purpose

This policy aims to set out the approach to achieve diversity on the Board of the Company.

Vision

Building a diverse and inclusive culture is integral to the success of the Company. The Company recognises the benefits of having a diverse Board and believes that Board diversity will enhance decision-making capability and quality of its performance. A truly diverse Board will include and make good use of differences in the skill, regional and industry experience, background, race, gender and other qualities of directors.

Policy statement

In determining the Board's composition, the Company will consider Board diversity in respect of a number of different aspects, including but not limited to gender, cultural and educational background, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders. All Board appointments will be based on merit, and candidates will be considered against appropriate objective criteria, having due regard for the benefits of diversity on the Board.

Gender

The Company is committed to foster gender equality and recognises the benefits of multiplicity of perspectives and wider possible pool of available talent.

Cultural and education background

A diverse Board composing of different cultural and education background contributes to a greater knowledge base and helps to identify and better manage emerging risks to cope with changes in the competitive environment.

Professional experience, skills, knowledge and length of service

A Board with professional experience, skills and knowledge is considered essential to contribute in the achievement of the Company's long-term business strategies. It also helps the Company to develop diversified business portfolio and identify business opportunities. Further, length of service is also a self-evidently important contributor to the quality of the Board's decision making. All of our executive directors have been with the Company for long periods of time.

Commitment by shareholders

The Board considers that the Company benefits substantially from the long-term commitment by its principal shareholders to its affairs. This commitment is facilitated by those being appropriately represented on the Board.

Measurable objectives

The Nomination Committee will discuss relevant measurable objectives and assess annually on the Board's profile and its progress in achieving its diversity objectives for the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board for consideration and approval.

Review and monitoring

The Nomination Committee has primary responsibility for identifying and nominating suitably qualified candidates for appointments to the Board and, in carrying out this responsibility, will give adequate consideration to this policy. Periodically, the Nomination Committee will monitor the implementation of this policy, to ensure the effectiveness of this policy and its continued suitability and to evaluate the Board's composition under diversified perspectives. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Workforce Diversity

The Group continues to adopt employee diversity measures to promote the diversity at all levels of its workforce. All eligible employees enjoy the equal opportunities for employment, training and career development without discrimination. As at 31 March 2025, the Group had a total workforce (including senior management) of approximately 4,500 employees, of which 77% are males, and 23% are females.

While we believe our future employee recruitment should predominantly be merit-based, we would review our gender diversity regularly and setting the target for the gender ratio as appropriate and in a timely manner. We recognize and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

Committees of the Board

In accordance with the Code, the Board has established Audit, Remuneration, Nomination and Corporate Governance Committees, each with defined terms of reference and is chaired by an Independent Non-Executive Director. The duties of the four committees are as follow:

Audit Committee

The Audit Committee was established in 1999 and comprises three Independent Non-Executive Directors. The Board is satisfied that the current mix of experience of the committee members facilitates an effective functioning of their roles. The members of the Audit Committee are:

Dr. Yeung Tsun Man Eric – Chairman of the Committee
Mr. Chan Bernard Charnwut
Mr. Wu King Cheong

The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company, reviewing the Company's risk management process and system and overseeing the relationships between the Company and its independent auditor. The terms of reference of the Audit Committee are posted on the Company's website.

During the year ended 31 March 2025, the Audit Committee held two meetings to review the results, the accounting principles and practices adopted by the Company and discuss with senior management and the independent auditor on the matters arising from audits and the effectiveness of the Company's internal control and risk management system. The record of attendance of the members is listed on page 29.

Remuneration Committee

The Remuneration Committee was established in 2005 and comprises four Directors, three of whom are Independent Non-Executive Directors. The Remuneration Committee is responsible for reviewing and advising on the remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all Directors and some senior management, who are not on the Board. The Remuneration Committee met once during the year ended 31 March 2025 and the record of attendance of the members is listed on page 29. The terms of reference of the Remuneration Committee have been reviewed with reference to the Code and are posted on the Company's website. The members of the Remuneration Committee are:

Mr. Chan Bernard Charnwut – Chairman of the Committee
Ir. Dr. Wong Tin Cheung
Mr. Wu King Cheong
Dr. Yeung Tsun Man Eric

Nomination Committee

The Nomination Committee was established in 2005 and comprises three Independent Non-Executive Directors. The terms of reference of the Nomination Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Nomination Committee is responsible for formulating nomination policy for consideration by the Board. It makes recommendations to the Board on the appointments or re-appointments of directors and succession planning for directors. The Nomination Committee met once during the year ended 31 March 2025 and the record of attendance of the members is listed on page 29. The members of the Nomination Committee are:

Mr. Wu King Cheong – Chairman of the Committee
Mr. Chan Bernard Charnwut
Dr. Yeung Tsun Man Eric

Nomination Policy

This policy sets out the approach and procedures the Board adopts for the nomination and selection of directors of the Company, including the appointment of additional directors, replacement of directors, and re-election of directors.

The Group recognises the importance of having a qualified and competent Board to achieve the Group corporate strategy as well as promote shareholders' value.

The Nomination Committee reviews the structure, size and composition of the Board on a regular basis and may make recommendations to the Board on relevant matters relating to the appointment, re-appointment and succession planning of directors. The ultimate responsibility for the selection and appointment of directors rests with the entire Board. This policy sets out the procedures for the selection, appointment and re-appointment of directors and the selection criteria.

Selection criteria

The criteria listed below would be used as a reference by the Nomination Committee when recommending a candidate to be nominated for directorship appointment or re-appointment:

(a) Character and integrity;
(b) Experience in the construction, property development and related industries;
(c) Professional qualifications, expertise, skills and knowledge;
(d) Diversity (Please refer to the Company's Diversity Policy for details);
(e) Independence of a candidate proposed to be an independent non-executive director;
(f) Commitment in respect of time; and
(g) Other relevant factors as may be determined by the Committee or the Board from time to time.

These criteria are for reference only and are not meant to be decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination procedures for new and replacement directors

In order to ensure the appointment decisions made are in the best interests of the Group, the formal and transparent nomination procedures below should be adopted:

(a) Identify qualified director candidates;
(b) Shortlist candidates based on the selection criteria and other factors that is considered appropriate;
(c) Conduct interview(s) with prospective candidates;
(d) Perform adequate due diligence such as background and reference checks;
(e) Provide relevant information to the Remuneration Committee to determine remuneration packages; and
(f) Make recommendations for the Board's consideration and approval.

Nomination procedures for re-election of directors and nomination from shareholders

The Nomination Committee reviews the overall contribution and service to the Company where a retiring director, being eligible, offers himself for re-election. The Board shall consider and, if consider appropriate, recommend such retiring director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

Please refer to the "Procedures for Election of Directors", which is available on the Group's website, for procedures for shareholders' nomination of any proposed candidate for election as a director.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting, in accordance with the provisions in the Company's Bye-laws.

Review and monitoring

The Nomination Committee will review and monitor this policy, as appropriate from time to time, to ensure it remains relevant to the Company's needs, the effectiveness and compliance with regulatory requirements and the Listing Rules. The Nomination Committee will revisit the policy that may be required and make recommendation to the Board for approval.

Corporate Governance Committee

The Corporate Governance Committee was established in 2012 and comprises five Directors, three of whom are Independent Non-Executive Directors. The terms of reference of the Corporate Governance Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The committee is responsible for monitoring, reviewing and enhancing the corporate governance of the Company. It assists the Board in performing the corporate governance duties as required under the Listing Rules.

In accordance with the terms of reference of the Corporate Governance Committee, the committee shall meet not less than once a year to consider corporate governance issues. In addition to reviewing the result of the internal control review, the committee meets with the independent auditor to discuss the matters arising from the review and makes recommendations to the Board. The Corporate Governance Committee met once during the year ended 31 March 2025 and the record of attendance of the members is listed on page 29. The members of the Corporate Governance Committee are:

Mr. Chan Bernard Charnwut – Chairman of the Committee
Ir. Dr. Wong Tin Cheung
Dr. Wong Rosana Wai Man
Mr. Wu King Cheong
Dr. Yeung Tsun Man Eric

Directors' training

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary from time to time reports latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime and arranges suitable trainings related to the roles, functions and responsibilities of the Directors.

All Directors have provided to the Company their records of training which they have received during the year. Details as follows:

Name	**Attending seminar(s) or programme(s)/reading relevant materials**
Executive Directors	
Mr. Wong Ip Kuen	✓
Ir. Dr. Wong Tin Cheung	✓
Dr. Wong Rosana Wai Man	✓
Mr. Sun Chun Wai	✓
Independent Non-Executive Directors	
Mr. Chan Bernard Charnwut	✓
Mr. Wu King Cheong	✓
Mr. Yeung Tak Bun	✓
Dr. Yeung Tsun Man Eric	✓

Auditor's remuneration

The Company engaged PricewaterhouseCoopers as the Company's independent auditor. For the year ended 31 March 2025, PricewaterhouseCoopers provided the following services to the Group:

	2025	2024
	HK$'000	*HK$'000*
Audit services	**4,940**	4,961
Non-audit services	**518**	423
	5,458	5,384

Directors' responsibilities for financial reporting

The Directors of the Company acknowledged their responsibility for the preparation of consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the Group's results and cash flows during the year. The Directors are responsible for keeping of appropriate accounting records that reasonably and accurately disclose the consolidated financial position of the Group from time to time. In preparing the consolidated financial statements for the year ended 31 March 2025, appropriate accounting policies are selected and applied consistently by the Directors who made careful and reasonable judgements and estimates, and prepared the consolidated financial statements on an on-going basis.

The independent auditor's report, which contains the statement of the independent auditor about its reporting responsibilities on the Company's consolidated financial statements, is set out on pages 77 to 82 of this annual report.

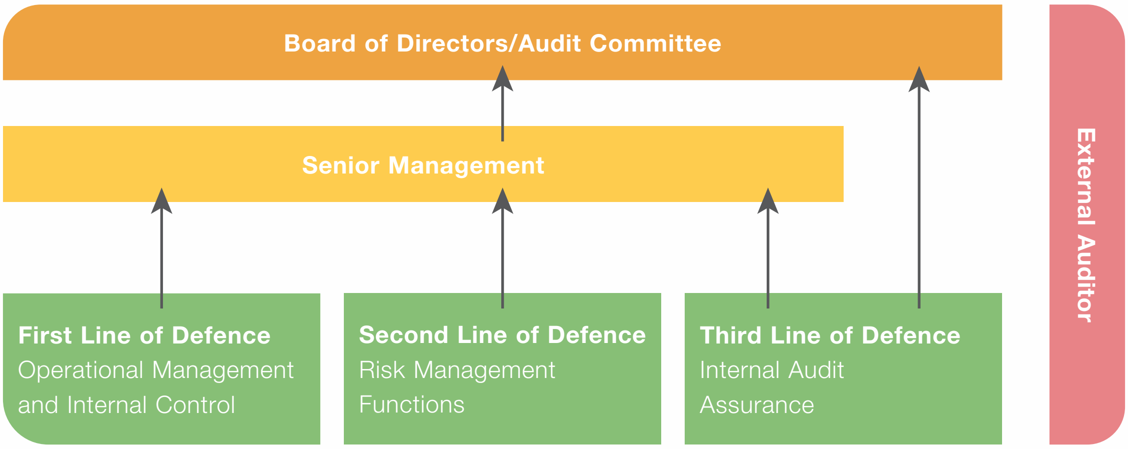
Risk management and internal control

The Company recognises that it is exposed to a number of risks, which is inherent in the industries that it operates in. The Board acknowledges that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining appropriate and effective risk management and internal control system. In this regard, the Company has established a risk management system and an internal control system. However, the systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and to make reasonable, but not absolute, assurances that there will be no material misrepresentation or loss.

Management formed the Risk Management Committee to assess and manage the Company's principal risks, including but not limited to compliance risks, financial risks, operating risks and strategic risks. It supports the Board in fulfilling its corporate governance and regulatory responsibilities to monitor and review the Company's risk management framework and processes. The Risk Management Committee also provides confirmation to the Board on the effectiveness of the systems.

Risk management framework

The Company's risk management framework follows the common and widely accepted model "three lines of defence". The first line of defence is the operational management and internal control measures, the second line of defence is risk management, and the third line of defence is internal audit.



Risk management procedures

The Company has formulated an enterprise risk management process to effectively manage the risks faced by the Company. The process clearly defines four procedures for the Company's management of risk, including identification, assessment, monitoring and reporting. In the event of risk identification, management communicates with the operational functions and collects significant risk factors affecting the Company from bottom to top. These risk factors are included as enterprise risk register. Management evaluates the risks in the register and prioritises them for follow-up actions according to their potential impact, occurrence opportunity and sufficiency of current measures tackling the risks. The risk register is reviewed at least once a year, new risks are added while existing risks are removed, if necessary, after the assessment. The changes are reported to the Board at a timely manner. This process can effectively ensure that the Company takes the initiative to manage the risks it faces and that all risk holders are aware of their liability so that they can develop appropriate and effective measures in time to control the risk.

The Company's risk management activities are continuously going. The risk management framework is assessed annually for its effectiveness and management meetings are conducted on a regular basis to review the monitoring work. Management is committed to ensuring that risk management forms part of the day-to-day business processes so that risk management effectively aligns with business goals.

During the reported year, management has engaged an independent professional consultancy firm, Shinewing Risk Services Limited ("SW"), for an enterprise risk assessment which was conducted under the approach adopted in the "COSO Enterprise Risk Management – Integrated Framework". According to the assessment result, management has updated the enterprise risk register with the changes of risk factors, as well as submitted an assessment report containing recommendations to the Board to enable the Board to effectively monitor the business risk and understand how management responds and mitigates the risks.

To comply with the SFO, the Company has also developed internal control mechanisms for handling and disseminating insider information, including information flow and reporting processes, confidentiality arrangement, disclosure procedures and staff trainings. In addition, whistleblowing policy has been established to encourage employees to report incidents of alleged misconduct or fraud.

Internal Audit

The Company has implemented an internal control system to minimise the risks to which the Company is exposed to and used it as a management tool for day-to-day business operation. The internal control system is reviewed twice a year. The Board has appointed SW to conduct reviews of the Company's internal control system for the year ended 31 March 2025. The reviews covered financial, operational and compliance controls on selected operation cycles according to the Company's 3-year internal audit plan. In the review reports, corrective actions and improvement programs have been proposed for the internal control problems or deficiencies found. The results of the internal control reviews have been submitted to the Corporate Governance Committee for consideration.

Based on the review results for the year, management has made a confirmation to the Board that the Company's risk management and internal control systems are effective and sufficient. The Board is satisfied with the review results and pleased to receive management's acknowledgement. As part of the annual review process, the Board has performed evaluation of the Company's accounting and financial reporting function to ensure that there is adequacy of resources, staff qualifications and experience, training programmes and budget of the function.

The Board will continue to review and improve the Company's risk management and internal control systems in accordance with the existing regulatory requirements, the interests of shareholders and the growth and development of the Company's business.

Anti-corruption System

The Group has established and implemented a sound anti-corruption system. The Group defines the anti-corruption supervision and management process clearly in the Integrity Management Policy. The Group establishes a red line in the Employee Handbook and requires new employees to attend anti-corruption training organized by the regulatory body. The Group builds an anti-corruption culture and continuously strengthens the awareness of integrity of employees via training and advocacy.

Whistleblowing Policy

Whistleblowing policy and system have been established for employees and those who have business dealings with the Company. They may raise concerns, in confidence, to the Board about the possible improprieties in any matters related to the Company.

Directors' and employees' securities transactions

The Company has adopted the requirements of the Model Code as set out in Appendix C3 of the Listing Rules regarding the securities transactions by the Directors of the Company. The Company has received confirmations from all Directors that they have complied with the requirements of the Model Code for the year ended 31 March 2025.

Dividend Policy

In determining any dividend payment, the Board will review and consider factors including the financial performance, business environment and economic conditions, forecast cash flow and liquidity positions, working capital requirements and investment needs to support the future business growth of the Company. Therefore, the dividend pay-out ratio may vary from year to year, and there is no assurance that dividends will be paid in any particular amount for any given period.

Subject to the factors described above, the Company will normally consider and recommend payments of interim and final dividends during each year. In addition, the Board may also consider and recommend special dividends payment where appropriate.

Periodically, the Board will review the frequency and amount of dividends to assess its suitability.

Compliance with Listing Rules

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix C1 of the Listing Rules for the year ended 31 March 2025 except for deviations from the code provision as described below.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. However, the roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure enables the Company to make and facilitate the implementation of decisions promptly and efficiently.

Shareholders' rights

Procedures for shareholders to convene special general meetings

Pursuant to the Bye-laws of the Company, shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the rights, by written requisition, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The purposes of the meeting must be stated in the written requisition. The requisition must be signed by the requisitionist(s) and deposited with the Company Secretary at the head office of the Company at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in accordance with Section 74 of the Companies Act 1981 of Bermuda.

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act 1981 of Bermuda, shareholders holding not less than one-twentieth of the total voting rights or not less than one hundred shareholders may request the Company to give shareholders notice of a resolution which is intended to be moved at the next general meeting. A written notice to that effect signed by the requisitionist(s) with contact information must be deposited at the head office of the Company at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong (addressed to the Company Secretary).

Procedures for shareholders to send enquiries to the Board

Shareholders are welcome to send their enquiries to the Board in writing attention to the Company Secretary via e-mail at info@yaulee.com or to the head office of the Company at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong.

Communication with shareholders

The Company maintains an on-going dialogue with investors and shareholders. The Company's AGM provides good opportunities for shareholders to air their views and ask questions regarding the Company. In the AGM, the chairman of the Board and the chairmen of Board Committees (in their absence, another member of the committee or failing this his duly appointed delegate) will attend and answer questions from shareholders in respect of the matters that they are responsible and accountable for. The independent auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders.

Separate resolutions are required at general meetings on each distinct issue. Each shareholder is permitted to appoint one or more proxies to attend and vote in his/her stead.

Information relating to the Group's and Company's financial results, corporate details, notifiable transactions and major events are disseminated through publication of interim and annual report, announcements, circulars, press release and newsletters. These publications can also be obtained from the Company's website (www.yaulee.com).

The Company is offering options to the shareholders to receive corporate communications of the Company by electronic means or in printed form. The Board believes that electronic means of communication will increase the efficiency of communication between the Company and the shareholders. We will continue to enhance the Company's website as a channel of communication with shareholders.

The Board has established a shareholders' communication policy which is posted on the Company's website. The policy is reviewed on a regular basis by the Board to ensure its effectiveness.

Voting by poll

The Company supports the principal of voting by poll as stipulated under Rule 13.39(4) of the Listing Rules. Accordingly, the resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

Changes in constitutional documents

There is no change in the Company's constitutional documents during the year ended 31 March 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

Reporting Purpose, Scope and Period

This Report (the "**Report**") outlines our Environmental, Social and Governance ("**ESG**") management approach, including strategies, policies and performance. Unless otherwise specified, the Report includes the principal activities of the Group, including construction, electrical and mechanical installation ("**E&M**"), building materials supply, property investment and development and hotel operations which account for approximately 99.91% of the Group's total revenue for the financial year from 1 April 2024 to 31 March 2025 (the "**Reporting Period**" or "**FY2024/25**"). The reporting scope is determined by the materiality of each entity to our business and operations, as well as its ESG impacts.

Reporting Standards and Principles

The Report has been prepared in accordance with the disclosure requirements outlined in the Environmental, Social and Governance Reporting Code (the "**ESG Reporting Code**") as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited (the "**HKEX**"). This Report adheres to the reporting principles below, as stipulated in the ESG Reporting Code:

Reporting Principle	The Group's Response
Materiality	The Group identifies and prioritises material ESG issues through ongoing stakeholder engagement and materiality assessment. For more details, please refer to the sections "Stakeholder Engagement" and "Materiality Assessment".
Quantitative	The Report discloses its environmental and social key performance indicators ("**KPIs**") in a quantitative manner, accompanied by narratives that clarify their significance, methodology, and context. Comparative data is also disclosed where applicable to track performance over time.
Balance	The Report presents both achievements and challenges in an objective manner, to provide a balanced and unbiased picture of the Group's ESG performance to ensure stakeholders have an accurate understanding.
Consistency	Unless otherwise stated, the reporting scope and methodologies are consistent with those adopted in the previous year, with comparative data being disclosed in this Report. Explanations have been provided on any changes to the reporting scope and methodologies as compared to the previous year in the Report.

Access to the Report

This Report is available in both English and Chinese as part of the Group's annual report. It is available on the official website of the Group, as well as the website of the HKEX. In case of any discrepancy between these two versions, the English version shall prevail.

Your Feedback

Your views and comments on our ESG performance and reporting are indispensable to our continuous improvement in sustainable development. Please share your feedback via email at info@yaulee.com.

Highlights of the Year

Building Excellence

Commenced our first deployment of AI-powered **Safety Ranger Robots** across active construction sites

Promoted industry-wide dialogue on implementing **"Digital Triplet"** model in digital and smart construction practices

Achieved the **Cloud Innovation of the Year – Construction** at the Alibaba Cloud Summit Hong Kong 2024

Green Operations

Obtained **Hong Kong Corporate Governance & ESG Excellence Awards 2024**

Obtained **Carbon Reduction Certificate** for Hong Kong Green Organisation Certification

Enhanced study on **Scope 3 embodied carbon** with particular focus on concrete

People Empowerment

29,300
Total training hours

100%
of our construction site workers received training

Participated the 24th Award Presentation Ceremony of the Construction Industry Safety Award Scheme

Implemented innovative safety technologies, such as **Internet of Things ("IoT") Bamboo Scaffolding Tie Bond Detachment Solution**

Community Care

HK$559,000
Donated to charitable causes

Organized **10+** community initiatives spanning innovation for social impact, youth empowerment, supporting vulnerable groups, and climate action

2024 Green Donation Reward Program diverted 36 cartons of materials to Christian Action, aiding underserved communities while cutting waste effectively

Major Awards and Recognitions

Branding and Product Excellence

Cloud Innovation of the Year – Construction
- Alibaba Cloud

The 30th Considerate Contractors Site Award Scheme – Construction of Public Housing Development at Long Bin Phase 1 (Gold Award)
- The Development Bureau and the Construction Industry Council ("**CIC**")

Hong Kong openBIM/openGIS Award 2024
- Hong Kong Alliance of Built Asset & Environment Information Management Associations
- Hong Kong Chapter of buildingSMART International

CIC Outstanding Contractor Award
- CIC

Sustainable Development

ESG Achievement Awards 2023/2024: Outstanding ESG Awards – Listed Company – Gold Award and Outstanding Sustainable Dividend Awards
- Institute of ESG & Benchmark

Hong Kong Green and Sustainability Contribution Awards 2024: Outstanding Award for Excellent Contribution top Livable City Construction (Contractor) – Promote High-productivity Construction Adoption
- Hong Kong Quality Assurance Agency ("**HKQAA**")

2025 Hong Kong Sustainable Development Innovation and Technology Awards
- World Institute of Sustainable Development Planners

Hong Kong Corporate Governance & ESG Excellence Awards 2024
- The Chamber of Hong Kong Listed Companies
- The Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University

Environmental, Social and Governance Report

Environmental Protection / Climate Action

Hong Kong Green Organisation Certification: Wastewi$e Certificate – Excellence Level

- Environmental Campaign Committee

BOCHK Corporate Low-Carbon Environmental Leadership Awards 2023 – Certificate of Low-Carbon Commitment

- Federation of Hong Kong Industries
- Bank of China (Hong Kong)

Hong Kong Green Award 2024: Green Management Award – Corporate (Large Corporation) – Silver

- Green Council

Hong Kong Green Organisation Certification: Carbon Reduction Certificate

- Environmental Campaign Committee

4T Charter 2024

- Environment and Ecology Bureau
- Electrical and Mechanical Services Department

Health and Safety

Construction Industry Safety Award Scheme 2023/2024 – Best Working at Height Safety Performance Award (Maintenance, Improvement and Vacant Flat Refurbishment for Tai Po, North and Shatin)

- Labour Department

Construction Industry Safety Award Scheme 2023/2024 Safety Team – Bronze Award (Design and Construction of Chai Wan Government Complex and Vehicle Depot)

- Labour Department

Construction Industry Safety Award Scheme 2023/2024 Renovation and Maintenance Works – Silver Award (Maintenance, Improvement and Vacant Flat Refurbishment for Tai Po, North and Shatin)

- Labour Department

Our Approach to Sustainability

Driven by our vision of "***We Build, We Serve, We Create***" and our commitment to being an innovative green corporation, we embed sustainability into our core operations and promote a culture of accountability. Our efforts are guided by our sustainability strategy, which has been approved by the Board of Directors (the "**Board**"). Built on four core pillars with defined goals and targets, our sustainability strategy and Corporate Social Responsibility ("**CSR**") policy together provide a clear roadmap to a sustainable future, creating value for every stakeholder.

Approach: Deliver exceptional products and services through a culture of construction excellence and constant innovation

Goal: To strengthen the quality of our products and services to enhance customer satisfaction

Approach: Strengthen our climate resilience and reduce our environmental footprint for a greener future

Goal: To advance our climate resilience and minimise our environmental impact

Please refer to the section headed "Green Operations" for our green targets.

Approach: Foster a supportive and inclusive workplace that nurtures the growth and development of our employees

Goal: To strengthen employee well-being, training and occupational health and safety measures

Approach: Engage proactively with our community to promote strong social development

Goal: To align community investment contributions with the evolving needs of our community to maximise positive impact

Sustainability Governance and Board's Oversight

Our commitment to sustainability is driven at the highest level by the Board. The Board is ultimately responsible for our ESG strategy and reporting and provides oversight of ESG issues. Delegated by the Board, the management acts as the overarching body for advising the Board on ESG matters and driving our sustainability efforts. The management is tasked with implementing and monitoring the Group's ESG management approach, strategy, and issues to drive the planning and implementation of the Group's ESG-related matters as well as review progress made against ESG-related goals and targets. Additionally, the management supports the Board in monitoring ESG-related issues, including risks.

The Board

- Steer the overall sustainability approach
- Review sustainability performance
- Oversee ESG-related risks management

Management

- Establish policies, procedures and targets
- Monitor and review progress and results

Supervisors

- Ensure frontline workers understand and implement ESG-related procedures and initiatives
- Record and compile ESG-related performance data for ESG disclosures regularly

Frontline Staff and Workers

- Execute ESG-related procedures and initiatives

ESG Risk Management

The Board holds ultimate accountability in overseeing the Group's ESG risk management framework. We included ESG aspects in our yearly enterprise risk assessment to enhance our risk mitigation and response strategies. The following outlines the steps of how the Group assesses ESG risk.

For more details on our corporate governance and risk management approach, please refer to the "Corporate Governance Report" section of the Annual Report.

Stakeholder Engagement

Maintaining open communication with stakeholders is essential for advancing our sustainability performance. We have implemented various platforms to facilitate effective engagement with our key stakeholders, to understand their sustainability-related expectations and needs:

Stakeholder Groups	Communication Channels	
Employees	• Directors' annual presentation • Staff grievance mailbox • Employee suggestion box and hotline	• Newsletter • Company intranet
Customers	• The Group's website • Customer direct communication	• Customer feedback
Contractors and Suppliers	• The Group's website • Meetings • Subcontractor management plan	• Selection and performance assessments
Investor	• The Group's website • Annual and interim reports	• Annual General Meeting • The Group's announcements and circulars
Regulators	• The Group's website • Enquiry mailbox	• Relevant laws and regulations review meetings
NGOs and Local Communities	• The Group's website • Residents' meetings	• Community and NGO activities
Business Partners	• Meetings	
Industry Associations	• The Group's website	• Industry association activities and conferences

Materiality Assessment

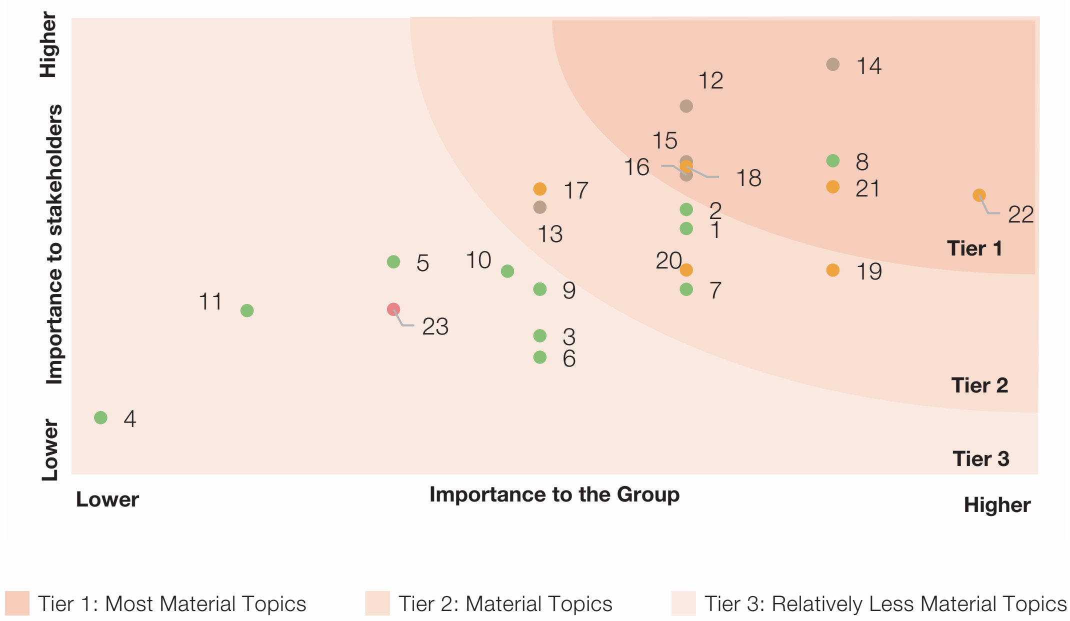
We conduct materiality assessment in every 2 years. In FY2023/24, we engaged an independent sustainability consultant to conduct an in-depth materiality assessment to identify the most relevant and important ESG issues concerned by stakeholders, taking into account our own strategy and operating focus. The assessment results and relevant ESG topics are regularly reviewed by the management and the Board. Our materiality assessment process is outlined below:

Step 1: Identification	Step 2: Prioritisation	Step 3: Validation
We identified a total of 23 relevant ESG issues based on the HKEX ESG Reporting Code, industry trends and stakeholder feedback.	We invited internal and external stakeholders to complete an online questionnaire and rate the importance of the ESG issues. A materiality matrix was compiled to display the rating based on the importance to the Group and our stakeholders.	The prioritised list of material ESG issues was consolidated and submitted to the Board for discussion and confirmation.

Environmental, Social and Governance Report

The materiality matrix below identified and prioritized the 23 ESG issues that have material impacts to our business and our stakeholders. Based on the questionnaire results in FY2023/24, a total of 8 ESG topics were determined to be the most material during the Reporting Period, shown in Tier 1 of the matrix. Information relevant to these topics have been addressed in the subsequent sections of this Report.

Materiality Matrix



Green Operations	Building Excellence
1. Decarbonisation and energy efficiency	17. Ethically responsible sourcing
2. Waste	18. Customer health and safety
3. Water efficiency and reduction	19. Sustainable product design and innovation
4. Biodiversity	20. Customer service
5. Water, land and air contamination	21. Data protection and cybersecurity
6. Climate resilience and management	22. Ethics and integrity
7. Opportunities in clean technology	
8. Building material efficiency	
9. Green building certification	
10. Green procurement	
11. Environmental risk in supply chain	

People Empowerment	Community Care
12. Staff welfare	23. Community investment and engagement
13. Equality, diversity and inclusion	
14. Occupational health and safety	
15. Staff development and training	
16. Employment compliance	

Building Excellence

Approach
Deliver exceptional products and services through a culture of construction excellence and continuous innovation

Goal
To strengthen the quality of our products and services to enhance customer satisfaction

Most Material Topic(s)
• Customer health and safety • Data protection and cybersecurity • Ethics and integrity

Product and service excellence forms the foundation of our value proposition. Through pioneering innovative construction techniques and technologies including but not limited to Modular Integrated Construction ("**MiC**"), Artificial intelligence ("**AI**"), digital construction and robotics, we continuously enhance productivity, buildability, and sustainability performance – enabling us to maintain industry leadership in an evolving market environment. We have implemented comprehensive policies and procedures governing health and safety standards, privacy matters relating to our products and services and methods of redress[1]. We maintain rigorous compliance with all relevant laws and regulations in relation to product responsibility and anti-corruption[2].

During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, and privacy matters relating to our products and services and methods of redress, as well as bribery, extortion, fraud and money laundering.

Product Innovation and Quality

Our dedication to superior standards is demonstrated through our rigorous internal controls, external quality accreditations, and progressive business approach that utilizes advanced environmentally-friendly and resource-saving technologies to address our clients' changing needs.

Our core subsidiaries maintain ISO 9001 Quality Management System certification and actively pursue industry-specialized accreditations, such as the ISO 19650-1:2018 International Building Information Modelling ("**BIM**") Management System Standard, demonstrating our capability to manage information throughout the project lifecycle. As part of our quality assurance process, we have established product quality-related policies and measures, including inspection guidelines and checklists to ensure consistent product excellence.

1 Due to our business nature, advertising and product labelling are not relevant to our business.

2 Please refer to the "Key Laws and Regulations" section for a list of product responsibility and anti-corruption related laws and regulations that are significant to the Group's business operations.

Environmental, Social and Governance Report

Our construction business actively integrates pioneering technologies into its operations, including but not limited to BIM, MiC, IoT application, and BEANiE – our proprietary and Hong Kong's first BIM-enabled blockchain multifunctional digital platform – to systematically enhance productivity, buildability, quality and safety. Similarly, our E&M business is dedicated to tailoring innovative and smart solutions for our customers, bolstering our digital and technological capabilities to amplify our positive impact on economic, environmental and social fronts.

Sharing Our Practical Experience in Adopting the "Digital Triplet" Technology

During the Reporting Period, the Group participated in the MiC Supply Chain Conference, joining government officials, developers, and manufacturers to exchange insights on the latest trends of MiC adoption in Hong Kong. As a featured presenter, we shared the MiC implementation experience and the groundbreaking "Digital Triplet (數碼三元組)" concept. This approach leverages generative AI and machine learning to support the development of sustainable and livable communities across Hong Kong.

Implementation of Innovative Safety Rangers Robots in Ongoing Development Projects

To enhance on-site safety, the Group implemented innovative Safety Rangers Robots across ongoing development projects, specifically for MiC lifting operations. These robots alert workers when unsafe behavior is detected. Integrated with the Central Monitoring Platform, they enable real-time remote live surveillance of all operations, significantly enhancing worksite safety through instant danger notification and continuous oversight.

We prioritize customer feedback as a vital tool for enhancing satisfaction and driving continuous improvement. Our Customer Communication Protocol ensures effective collaboration with customers, from tendering and contracting to regular updates and emergencies. To further strengthen our service quality, we've implemented a structured feedback system to collect and act on customer insights regarding our products and services.

Responsible Supply Chain

Responsible supply chain management is essential to ensuring consistent product quality and safety. We have developed a comprehensive system to maintain robust supply chain management practices in every aspect of our operations — including design and development, procurement and subcontracting, batching plant formulation and control, materials and product management, as well as equipment calibration and maintenance.

Subcontractor and Supplier Selection	Monitoring and Assessment	Evaluation
• Our Subcontractor and Supplier Selection Policy outlines our ESG consideration factors during the selection process, including the following: o Product and service quality o Price o Capability o Social and environmental performance o Prioritisation of green procurement practices and initiatives	• We conduct regular construction site monitoring, as well as conducting performance assessments of our subcontractors and suppliers quarterly, maintaining a list of acceptable subcontractors and suppliers based on factors such as quality, safety and environmental performance • Improvement plans are issued when necessary	• This process may result in the removal of unsatisfactory subcontractors and suppliers from our list of acceptable subcontractors and suppliers

To advance sustainable sourcing practices, we have established a Green Procurement Policy that mandates the preferential selection of suppliers offering eco-certified materials and products, while requiring reduced packaging solutions and the systematic elimination of single-use disposable items throughout our supply chain.

Additionally, our E&M business has implemented a series of green policies and measures, requiring its contractors and suppliers to meet ISO 14001 and ISO 50001 requirements. For Building Environmental Assessment Method ("**BEAM**") projects, all materials and equipments procured from suppliers must meet specified environmental standards to minimise environmental impact.

As of 31 March 2025, the Group collaborated with 10,998 suppliers (FY2023/24: 10,342), with approximately 74% located in Hong Kong, 24% in mainland China and Macau, and the remaining located overseas. Practices relating to engaging suppliers were implemented on all suppliers.

Ethics and Integrity

We uphold the highest ethical standards with zero tolerance for bribery, extortion, fraud and money-laundering. Since 2021, we have endorsed the Integrity Charter, jointly launched by the Development Bureau, the Independent Commission Against Corruption ("**ICAC**") and the CIC.

The Group maintains rigorous adherence to all applicable laws and regulations relating to bribery, extortion, fraud and money laundering[3]. During the Reporting Period, we were not aware of any material non-compliance with relevant laws or regulations, nor legal cases concerning bribery, corruption, extortion, fraud and money laundering brought against the Group or its employees. We have implemented comprehensive safeguard to enhance business ethics:

[3] Please refer to the "Key Laws and Regulations" section for a list of anti-corruption-related laws and regulations that are significant to the Group's business operations.

Policies and Procedures
• Policies including the Code of Ethics and Conduct, Integrity Management Policy, Competition Policy, and Staff Manual to reinforce our stance against corruption, bribery, extortion, fraud, money laundering and anti-competitive behaviour • The relevant Group policies are accessible on our internal portal, to ensure all employees understand our approach to business ethics and integrity. Additionally, our subsidiaries are encouraged to develop supplementary policies tailored to their specific business needs

Whistleblowing System
• Our Whistleblowing Policy encourages employees and related third parties, such as contractors, customers and suppliers, to report suspected misconducts, malpractice or irregularities through our whistleblowing channels. These channels operate under a strict policy of whistleblower identity protection and prohibition of retaliatory actions • Investigations will be conducted by the Board or a designated officer upon receiving a complaint, with corrective measures and follow-up actions being implemented promptly • The Board has an overall responsibility for the whistleblowing system, whereas the Audit Committee is responsible for overseeing and implementing such system

Training and Awareness
• Regular training on anti-corruption and related policies is provided to employees and directors, either through workshops or by circulating anti-corruption learning resources from the ICAC • All new employees are required to attend an ICAC training session as part of the orientation program

Data Protection and Privacy

Protecting customer data privacy is fundamental to our operations. We have implemented comprehensive policies and protocols to ensure the security of all confidential information, including:

- Requiring employees to ensure confidentiality of the Group's information upon joining us
- Reserving the right to pursue legal action and immediately terminating employment contracts for any violation or divulgence of information
- Specifying data protection guidelines for Bring Your Own Device approach at the workplace, as well as data handling procedures for terminated employees

Intellectual Property Protection

The Group rigorously adheres to intellectual property relevant laws and regulations[4], and is dedicated to safeguarding both its own and third-party intellectual property rights. We have implemented comprehensive policies and internal guidelines that mandate employee compliance, including prohibiting unauthorized use of others' intellectual property in all forms.

[4] Please refer to the "Key Laws and Regulations" section for a list of product responsibility-related laws and regulations that are significant to the Group's business operations.

Green Operations

Approach
Strengthen our climate resilience and reduce our environmental footprint for a greener future

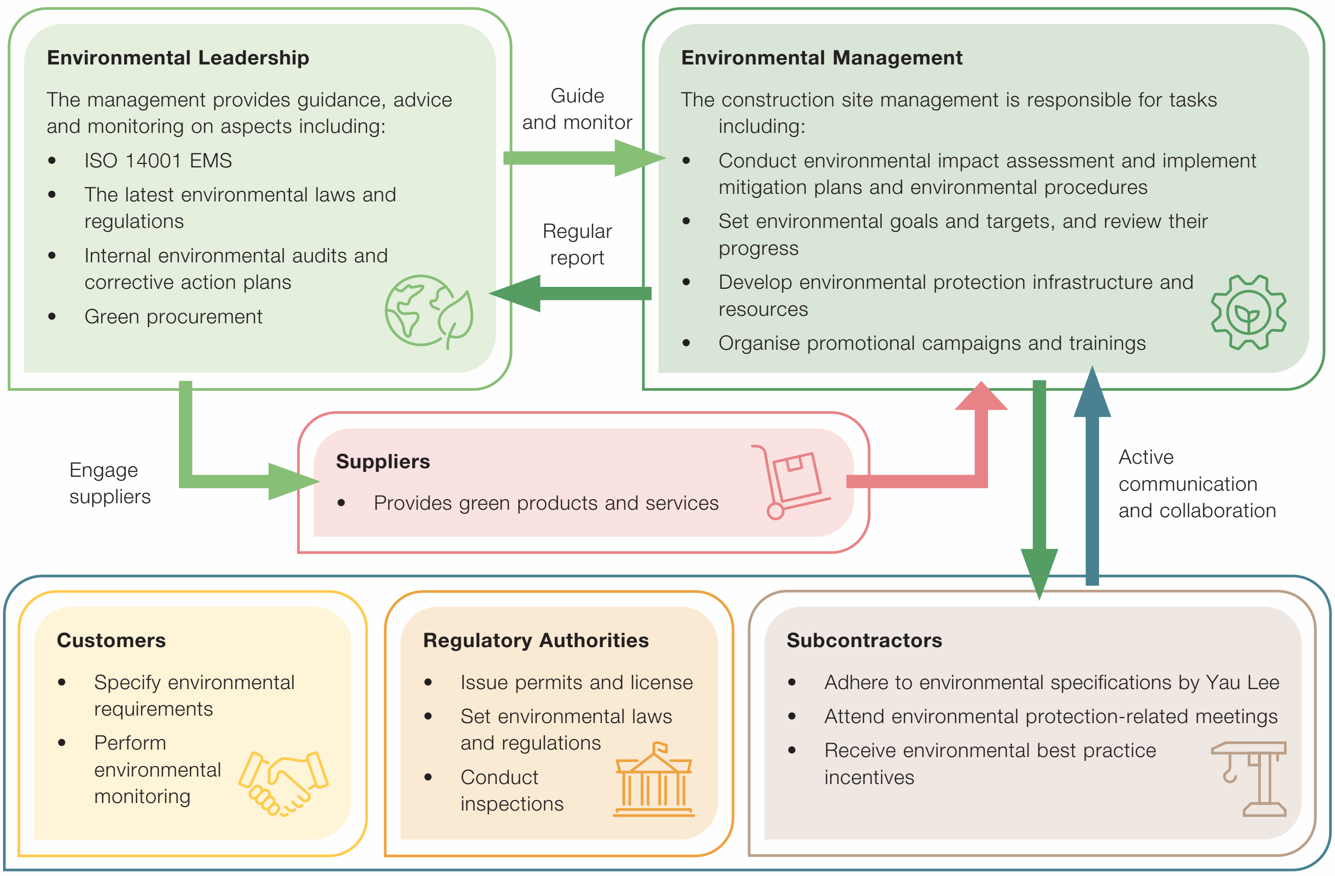
Goal
To advance our climate resilience and minimise our environmental impact

Most Material Topic(s)
• Building material efficiency

As a responsible corporate citizen, we acknowledge our role in combating climate change challenges. We have established policies and initiatives to enhance climate resilience, while minimising waste and optimize resource efficiency (energy, water and material use), in full compliance with relevant environmental laws and regulations[5].

In line with our commitment to environmental protection, we implement ISO 14001-certified Environmental Management Systems ("**EMS**") throughout our operations in our core subsidiaries. This framework ensures rigorous operational processes, reinforced by our Environmental Policy, operational protocols and measures. During the Reporting Period, no material violations of environmental regulations were identified.

In FY2024/25, we continued to implement our Green Construction Sites Workflow, which aims to minimise our environmental impact:



5 Please refer to the "Key Laws and Regulations" section for a list of environmental laws and regulations that are significant to the Group's business operations.

Climate Resilience

As climate change intensifies, the associated physical and transition risks are also expected to increase, which may affect our operations. Therefore, we conduct a risk assessment regularly to identify, assess and mitigate relevant risks.

Risk Description	Mitigation Measures
Physical Risk • Extreme weather events, such as typhoons	• Monitor weather warnings and take prompt action to prepare for extreme weather events • Establish protocols and site inspection checklists to ensure employee safety and reduce operational impact during extreme weather events, such as typhoons and rainstorms. These procedures and measures adhere to government-issued extreme weather guidelines • Provide emergency training to employees to increase their awareness and preparedness for extreme weather events
Transition Risk • Policy and legal risks	• Closely monitor trends in climate-related government policies and regulatory requirements to ensure compliance

Additionally, we have established a Climate Change Policy to systematically address climate-related risks and opportunities, with a focus on promoting innovative energy-saving measures and reducing greenhouse gas ("**GHG**") emissions. The following green targets demonstrate our commitment to strengthening climate resilience:

Our Green Targets		Progress[6]
Emission	We have set a target to reduce our GHG emission intensity by 6% and 30% by 2025 and 2035 respectively, with a base year of FY2017/18.	In Progress
Waste	We have established a series of waste-related targets for both our work sites and back offices. (Please refer to the "Resource Efficiency and Waste Management" section for more details)	Mostly Achieved
Energy	We have set a target to reduce energy consumption intensity by 1% compared to FY2023/24.	In Progress
Water	We have set a target of reducing our water consumption intensity by 1% compared to FY2023/24.	In Progress

Energy, Air and GHG Emissions

Air and GHG Emissions

Mitigating climate change requires significant reductions in GHG emissions. We strive to reduce our GHG and air emissions from our primary sources (stationary fuel and purchased electricity), especially from our construction sites.

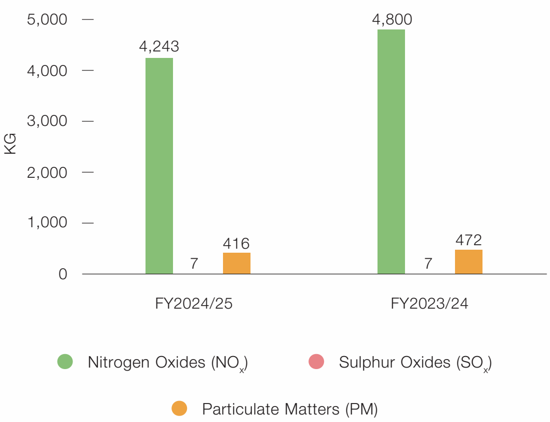
6 Please refer to the "Energy, Air and GHG Emissions" and "Resource Efficiency and Waste Management" sections for details on the progress of our green targets.

Initiating Scope 3 Embodied Carbon Quantification in Construction Materials

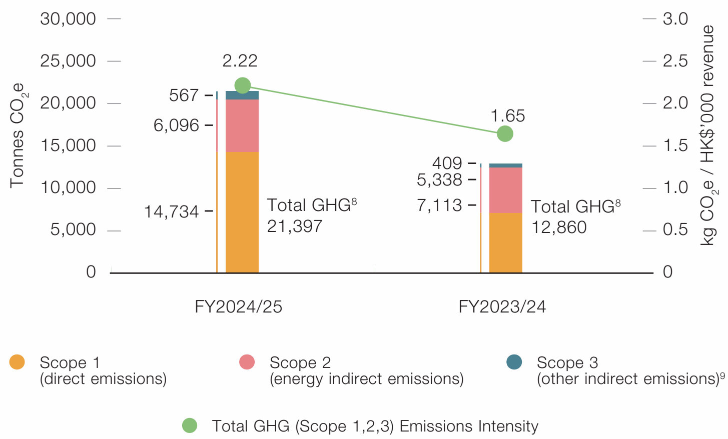
During the Reporting Period, the Group initiated the identification of its Scope 3 emissions, with a particular focus on embodied carbon in concrete. Building on this effort, we achieved Gold certification from the CIC and the Hong Kong Green Building Council for our innovative ready-mix concrete formulation. Moving forward, we remain committed to identifying and quantifying Scope 3 emissions, enhancing sustainability performance across the value chain.

Demonstrating our dedication to climate leadership, we have enrolled the HKQAA's Net-zero Certificate Program, pledging to reduce our GHG emission intensity by 6% and 30% by 2025 and 2035 respectively, with a base year of FY2017/18.

Air Emissions[7]



GHG Emissions[7]



The year-on-year increase in GHG emissions in FY2024/25 is due to the commencement of several sizable new construction projects. The early construction stages involve greater GHG emissions due to temporary utilities and intensive construction processes such as concrete pouring, as well as increased diesel usage due to limited grid power. We will strive to minimise our GHG emissions where possible in the future.

7 Totals may not be the exact sum of numbers shown here due to rounding.

8 In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition) published by the World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within the Group. Scope 3 indirect emissions refer to all other indirect emissions that occur in the Group's value chain.

9 Our Scope 3 emission calculation includes methane produced by landfills for processing waste paper, as well as the usage of electricity for both processing fresh water by Water Supplies Department and processing sewage by Drainage Services Department.

We have implemented a range of measures to accelerate our decarbonisation, spanning Scope 1 and 2 emissions, as well as Scope 3 emissions arising from our purchased materials:

Scope 1	Scope 2	Scope 3
• Avoid diesel power generators by: – Adopting B5 or higher bio-content diesel – Applying grid power supply on construction sites – Using mass battery energy storage • Comply with the Non-road Mobile Machinery Emission Regulation • Purchase electric vehicles to avoid mobile combustion emissions	• Adopt renewable energy, such as solar panels or solar tubes for longer-term site offices • Adopt advanced energy storage system to replace diesel generators • Apply green roof technology on our site offices • Use timers for our devices and equipment for temporary works • Install sensors to switch off lighting when no motion is detected	• Use low-carbon concrete • Recycle packaging materials, inert and non-inert waste • Recycle and reuse treated wastewater • Collect and recycle rainwater for toilet use • Procure green products with lower environmental impact

Energy

Electricity and diesel constitute our primary energy source for operations. In alignment with our Energy Policy commitments, we systematically minimise energy consumption through the implementation of ISO 50001 Energy Management Systems across all core subsidiaries.

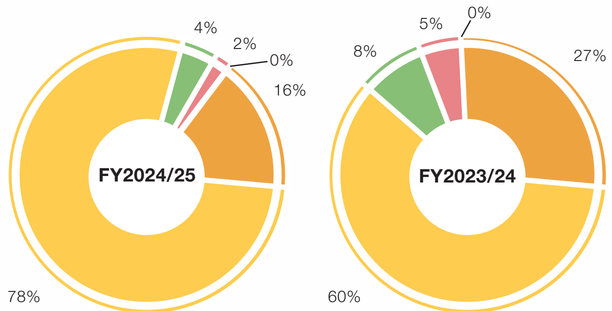
Adoption of Energy Storage System

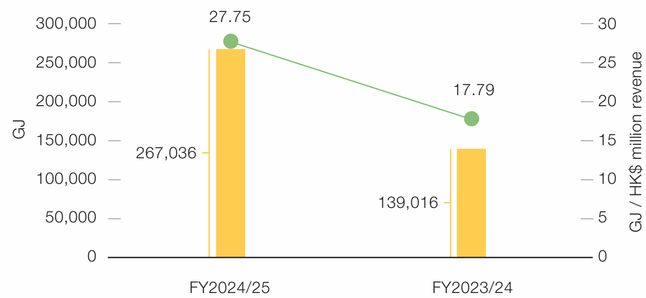
Since 2022, the Group has started to adopt advanced Energy Storage Systems ("**ESS**") at our sites, replacing traditional diesel generators to significantly reduce fuel consumption and carbon emissions. Building on this success, we are expanding our proprietary REC ESS technology to more sites. The Group has also endorsed the Business Environment Council Power Up Coalition Charter, advocating for early temporary power connection during construction planning to substantially decrease fossil fuel usage.

Investing Electric Vehicles to Promote Low-carbon Transportation

The Group has strategically invested in electric vehicles ("**EVs**") as part of our sustainability strategy. During the Reporting Period, our EVs fleet delivered thousands of emission-free kilometers, significantly reducing diesel consumption and CO_2 emissions compared to conventional vehicles. This successful transition demonstrates our progress in achieving our environmental targets.

As a continuing signatory to the 4T Charter and Energy Saving Charter, the Group has set a target to reduce energy consumption intensity by 1% compared to FY2023/24. During the Reporting Period, our total energy consumption intensity increased by 56% due to the commencement of several sizable new construction projects. As grid power was unavailable at certain construction sites, generators, which are less energy-efficient, were used for power supply. We will continue to explore opportunities to reduce our energy consumption in the future.





Resource Efficiency and Waste Management

Material Efficiency

Our construction and building materials supply businesses are committed to achieving maximum material efficiency, balancing cost optimization with environmental protection through waste reduction and reduce impacts on natural resources. To achieve this, we actively implement innovative technologies such as MiC, IoT and automatic bending machines for our projects, which ensure high precision and enable maximal usage of iron materials.

Additionally, we adopt low carbon construction materials where possible, including concrete with ground granulated blast-furnace slag.

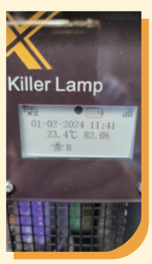
Waste Management

We adopt a comprehensive waste management by embracing a "reduce, reuse and recycle" approach. Innovative solutions, such as the intelligent mosquito lamp reduce chemical waste, while the smart recycling bins facilitate material recovery for prefabrication reuse and recycle — demonstrating our commitment to waste minimisation.

Waste Reduction Initiatives

Installation of Intelligent Mosquito Lamp

As part of our ongoing environmental initiatives, the Group has implemented the Intelligent Mosquito Lamp across our project sites. These solar-powered devices provide chemical-free pest control with 5-day continuous operation per charge, significantly reducing chemical waste generation while improve resource efficiency.

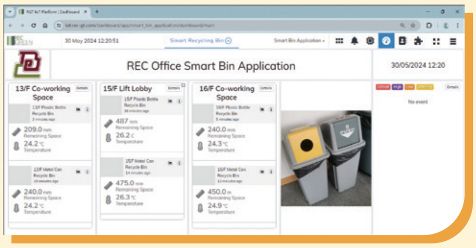


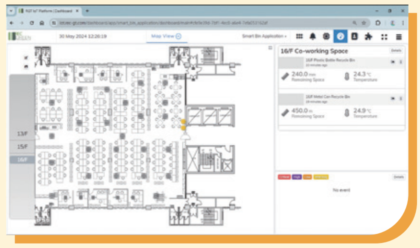
10 Totals may not be the exact sum of numbers shown here due to rounding.

Waste Recycling Initiatives

REC Office Smart Bin Installation

During the Reporting Period, our subsidiary REC Engineering Company Limited ("**REC Engineering**") enhanced its waste management system by installing smart recycling bins for plastic bottles and aluminium cans across all office floors. These IoT-enabled bins allow real-time monitoring to optimize collection efficiency and maximize recovery rates.





Onsite Food Waste Recovery System

Yau Lee Construction and REC Green Technologies developed a solution to eliminate food waste onsite with a Nature-based Solution (NbS). In April 2024, our Kwu Tung North ("**KTN**") site has introduced an advanced solution with the use of Black Soldier Fly ("**BSF**") larvae and the IoT connected smart box. This BSF IoT Smart Box exemplifies how technology can be paired with nature's biological processes to address pressing sustainability challenges. It optimized the decomposition of organic waste by BSF larvae, and significantly addresses Hong Kong's waste management issues, tackling the ongoing concerns with limited landfill space in our city. In addition to IoT technology, the unique biological advantages of BSF larvae, such as their remarkable capacity to recycle organic waste into valuable byproducts, enhance the sustainability impact.

By far, our KTN site has fed 111kg of food waste produced from site to BSF larvae, equivalent to a carbon emission reduction of 44kg CO_2e. This initiative will not only help to manage food waste more efficiently, but also serve as a model for innovative and eco-friendly waste solutions in the construction and development industry.

For the 2025 Hong Kong Sustainable Development Innovation and Technology Awards, we are pleased that BSF IoT Smart Box won the Excellent Award – Resource Recycling Innovation and Technology.

Resource Reuse Initiative

Using Panel Steel Wallforms as Timber Replacement in Concreting Works

Steel panel wallforms are implemented throughout the project as an eco-friendly alternative to traditional single-use timber formwork, substantially reducing wood consumption while maintaining construction quality by utilizing materials designed for repeated applications.

Our waste is handled according to applicable laws and regulations of every jurisdiction where we operate; hazardous waste such as spent lube oil is handled by licensed collectors. Under our ongoing participation in the Wastewi$e Scheme, we have established measures and targets for our work sites and back offices:

Targets	FY2024/25 Progress	Unit	FY2024/25	FY2023/24
Maintain the scrap iron rate within 5% of the total BQ steel reinforcement	Achieved	%	3.66	2.27
To recycle no less than 2,000kg of scrap paper at each construction site	Achieved	kg	18,449	8,886
To recycle no less than 4,000kg of scrap paper at our office	Achieved	kg	4,420	7,092
To recycle no less than 7 obsolete computers	Achieved	pieces	18	17
To recycle 50 laser toner and ink cartridges from printers and fax machines	In Progress	pieces	39	57
To return unusable walkie-talkie batteries to the supplier for recycling, with a target recycling rate of 95% of the number of new batteries purchased	Achieved	%	105	109
To save 100 reams of paper by reusing the reverse side of paper for measuring tasks	In Progress	ream	60	65

Environmental, Social and Governance Report

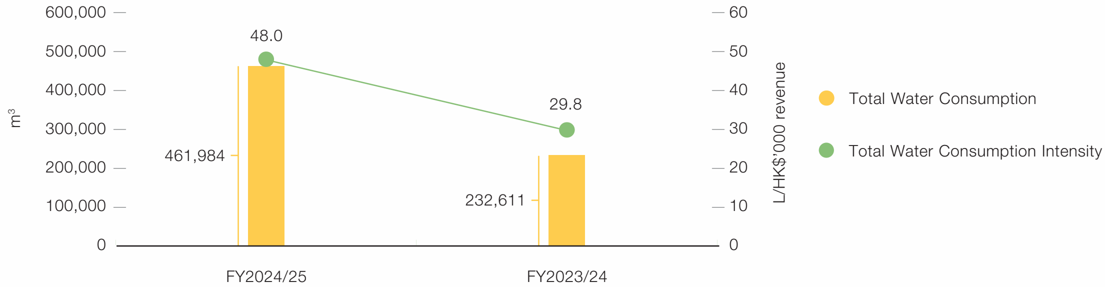
Water

The Group strives to maximise water efficiency by adopting measures including:

- Developed the "Smart Flushing Device" to automate the mandatory three-day internal water system flushing required by the Water Supplies Department, significantly reducing water usage
- Placing signage to remind employees of water conservation
- Promptly repairing dripping faucets
- Implemented wastewater recycling facilities

Our major business units in Hong Kong have set a target of reducing our water consumption intensity by 1% compared to the previous year. During FY2024/25, progress toward this target remained ongoing, with a water intensity of 48L/HK$'000 revenue, representing a 61% increase compared to FY2023/24. The increase was due to increased activities of water leakage testing and drainage inspection in the construction sites during the year. Moreover, several new construction projects commenced during the Reporting Period, water consumption intensity is in general higher at the early stage of a construction project.

During the Reporting Period, we did not encounter any issues in sourcing water that was fit for purpose.



Wastewater Recycling

To enhance water efficiency, all wastewater generated will be collected and treated through our wastewater treatment plant, with a portion of the treated water being reused for vehicle cleaning at wheel washing facilities, thereby reducing freshwater consumption and supporting sustainable water management practices.

PEOPLE EMPOWERMENT

Approach
Foster a supportive and inclusive workplace that nurtures the growth and development of our employees

Goal
To strengthen employee well-being, training and occupational health and safety measures

Most Material Topic(s)
• Staff welfare • Occupational health and safety • Staff development and training • Employment compliance

The Group values our employees as our most valuable resources. We are dedicated to fostering a harmonious work environment and strictly adhere to local employment and labour-related laws and regulations in all regions where we operate[11].

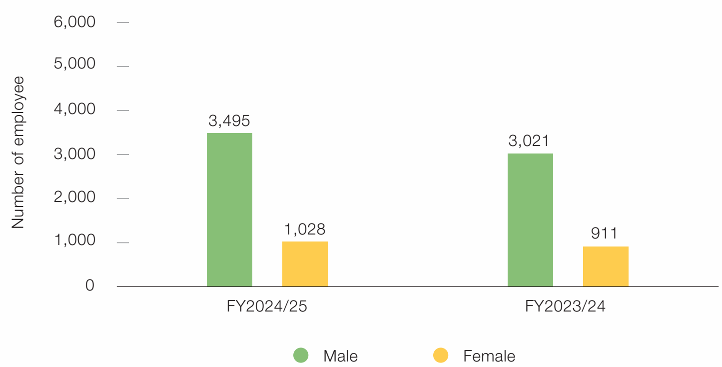
Our Staff Handbook and other human resources policies clearly outline the policies regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other welfare and benefits to safeguard the rights of our employees.

During the Reporting Period, we were not aware of any material non-compliance with relevant employment-related laws and regulations.

Employee Overview

As of 31 March 2025, the Group employed a total of 4,523 employees (FY2023/24: 3,932 employees). The distribution of employees by gender, employment type, age group and geographical region is outlined below, highlighting our commitment to valuing diversity and providing equal opportunities across all demographics, ensuring a dynamic and inclusive workforce that supports our growth and innovation.

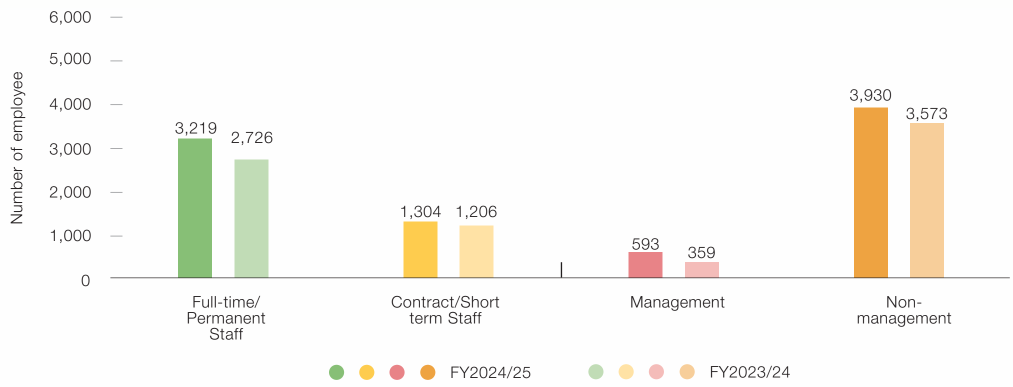
Total workforce by gender



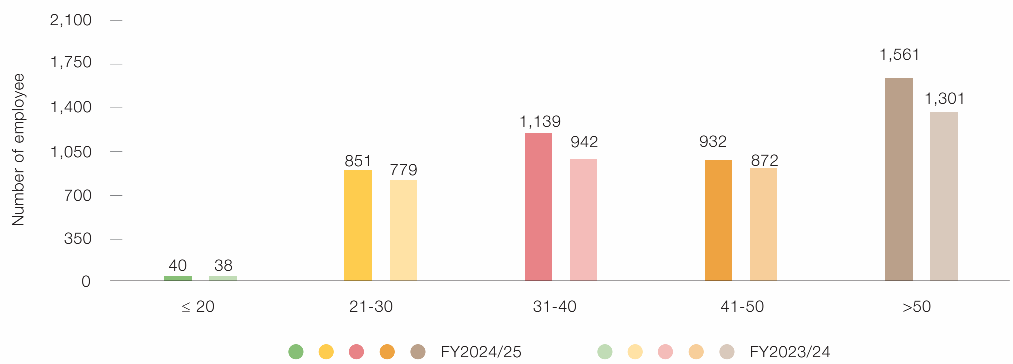
11 Please refer to the "Key Laws and Regulations" section for a list of employment and labour standards-related laws and regulations that are significant to the Group's business operations.

Environmental, Social and Governance Report

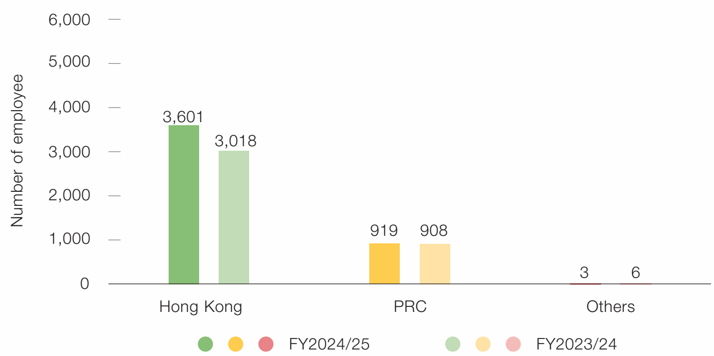
Total workforce by employment type



Total workforce by age group

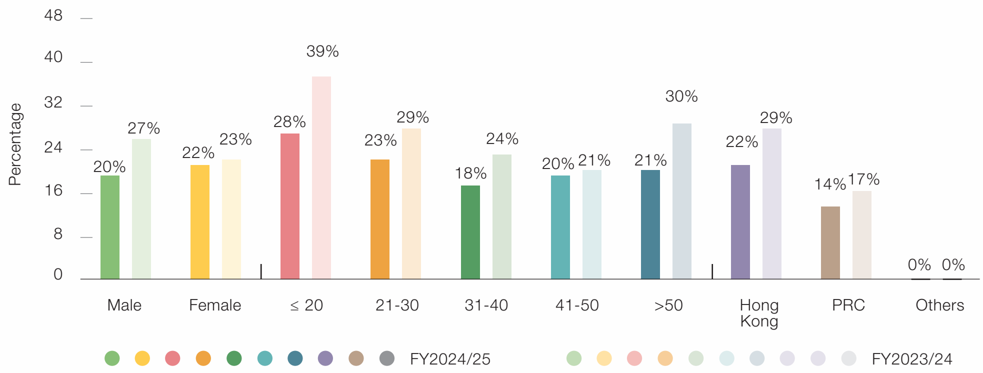


Total workforce by geographical location



In FY2024/25, the overall turnover rate of our Group was 21% (FY2023/24: 26%[12]). The distribution of employee turnover rate by gender, age group and geographical regions is set out as below:

Turnover rate



Safeguarding Employees' Health and Safety

Occupational Health and Safety

The Group prioritizes employee health and safety, maintaining strict compliance with all applicable laws and regulations[13] to minimise occupational hazards. To achieve this, we have developed a thorough framework and set of safety requirements for our employee to adhere to, which are clearly detailed in our Safety and Health Management Manual.

Health and Safety Management

The Group maintains an integrated health and safety management system that systematically identify and mitigate safety hazards in workplace. Our ISO 45001 certification covers the full spectrum of our operations, ensuring consistent health and safety management from corporate offices to all construction sites and maintenance projects. Safety oversight is conducted regularly by our Health and Safety Steering Committee, Overall Site Safety and Health Working Committee, and Site Safety Committee. Additionally, employees are required to wear personal protective equipment such as protective clothing, gloves, safety shoes, helmets and anti-fall safety slings as necessary during work.

12 The figure has been adjusted to reflect actual situation.

13 Please refer to the "Key Laws and Regulations" section for a list of health and safety-related laws and regulations that are significant to the Group's business operations.

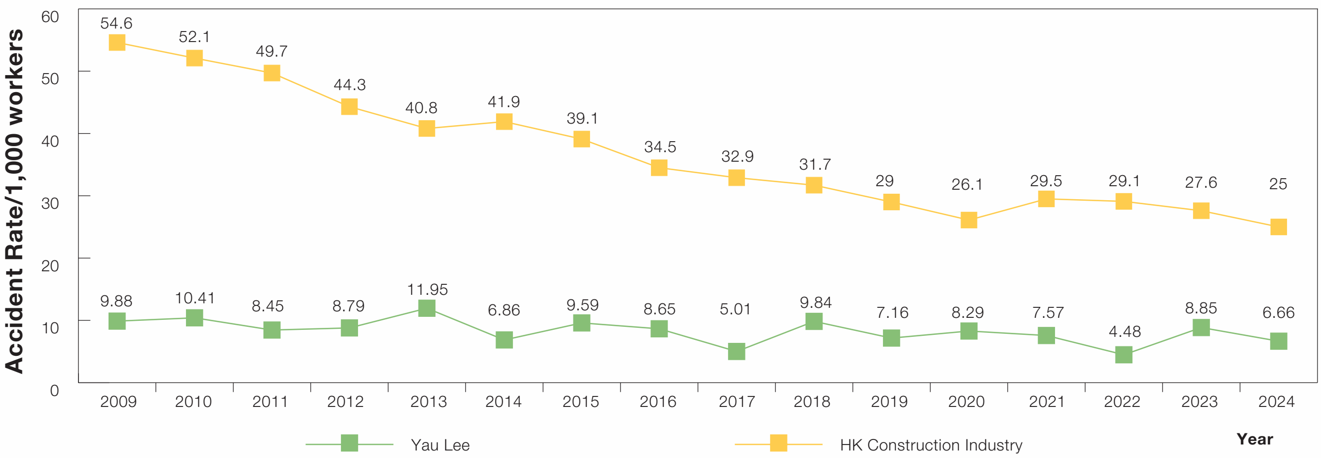
Environmental, Social and Governance Report

Safety Awareness and Promotion

The Group is dedicated to maintaining stringent safety and health standards at all construction sites to protect our employees. Regular safety morning meetings, site discussions, safety committees, and awareness campaigns promote open communication and collaboration among all staff, guaranteeing proper execution of safety measures. To foster a safety-conscious culture, we provide thorough training for all construction site workers. For instance, emergency response team members undergo training in first aid, wound care, fire evacuation and chemical spill response to adeptly handle emergency situations.

Our proactive measures have yielded impressive results, with our accident rate at 6.66 per 1,000 workers, significantly lower than the industry average of 25 per 1,000 during the Reporting Period.

Accident Rate Performance



	FY2024/25	FY2023/24	FY2022/23
Number of work-related fatalities	1[14]	0	0
Work-related fatality rate[15]	0.014	0	0
Lost days due to work-related injuries	5,785	5,017	1,597

We remain committed to continuously improving workplace safety, staying aligned with evolving regulatory requirements and industry practices, and advancing the adoption of smart safety technologies to foster a strong safety culture across operations.

14 During the Reporting Period, unfortunately, one work-related fatality case was recorded. We responded promptly by conducting a thorough investigation, reporting the incident to relevant authorities, implementing follow-up measures to strengthen internal safety protocols, and providing appropriate support to the family of the deceased.

15 Work related fatality rate = (Number of work-related fatality/Number of total working hours) × 200,000.

IoT Bamboo Scaffolding Tie Bond Detachment Solution

To proactively enhance workplace safety and prevent scaffold collapses, the Group pioneered an IoT-enabled wall connector monitoring system. This smart solution detects unauthorized tampering in real-time, triggering immediate on-site alarms and WhatsApp alerts to supervisors with exact locations while maintaining automated incident records. The system has transformed safety management at construction sites by preventing structural compromises and cultivating stronger safety awareness among workers.

Smart Wireless Monitoring System for Chiller Plant Operations

The Group has implemented an innovative IoT-based wireless monitoring system in HVAC mechanical rooms, utilizing HD cameras and mobile monitoring software to enable real-time remote verification of water hammer switches and sensor readings. This innovative solution eliminates dangerous repeated technician access to elevated equipment areas, significantly reducing fall risks while cutting manual inspection time.

"Life First" Safety Promotion Campaign

During the Reporting Period, the Group participated in the industry-wide "Life First" Safety Promotion Campaign, conducting four-days of intensive workshops covering critical topics: working-at-height safety, machinery operations, site housekeeping, and fire/electrical safety. This initiative reinforced our safety culture through practical training to workplace safety.

Environmental, Social and Governance Report

Smart Site Safety System Labelling Scheme

During the Reporting Period, the Group actively participated in the Smart Site Safety System ("**4S**") Labelling Scheme jointly launched by the Development Bureau and CIC, with the aim of promoting the adoption of the 4S in development projects. After rigorous evaluation, seven of the Group's construction sites have been successfully awarded the 4S label up to the date of this report. Through various 4S innovative technologies, we are accelerating the transformation of a smart and safety construction sites to enhance overall site safety as well as achieve high productivity management.

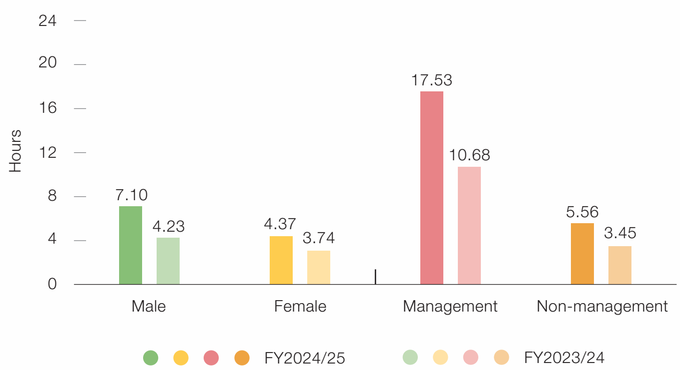
Cultivating Our Talents

Training and Development

The Group strives to grow together with our employees, driving shared business advancement and achievement. Accordingly, we actively invest in employee development by encouraging participation in both professional skills training and personal development programs.

During the Reporting Period, we provided a total of 29,316 training hours to our employees (FY2023/24: 17,913 hours). Our training performance is outlined below[16, 17, 18]:

Average training hours completed per employee by gender and employment type

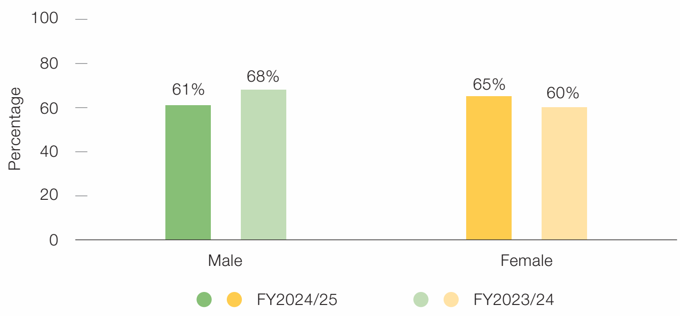


16 Training data included relevant training data of resigned employees during the Reporting Period to reflect the number of resources invested by the Group in training and the application extent of the same.

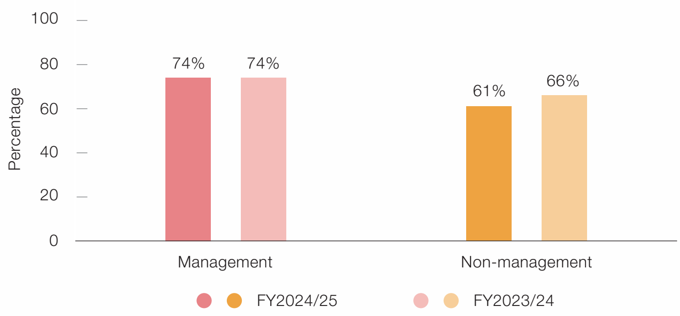
17 Calculation of employee trained: Number of employees trained in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period x 100%.

18 Calculation of average training hours per employee: Training hours of employees in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period.

Training ratio by gender



Training ratio by employment type



To support professional development, the Group offers financial assistance for external training, alleviating financial constraints and fostering skills enhancement, such as the Engineering-Related Degree and Higher Diploma Further Education Subsidy Scheme. During the Reporting Period, the Group organised various online and offline workshops and talks, aimed at enhancing employees' job skills and facilitating their career advancement.

ESG-Specific Training for Employees

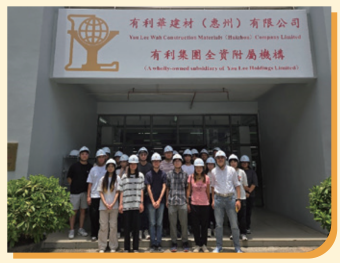
During the Reporting Period, the Group organized an ESG training program for E&M engineers, facilitated by an industry-recognized ESG specialist. The session enhanced participants' understanding of ESG principles and their application in electrical and mechanical engineering projects, equipping them to meet growing client demands for sustainable solutions and responsible business practices.

Engineering Experience Sharing Session

During the Reporting Period, the Group organized seven specialized engineering knowledge-sharing sessions featuring internal and external experts. These workshops trained staff in including transitional housing MEP, safety compliance, MiC construction, and BIM applications – enhancing project quality and safety standards.

Nurturing our Next Generation Through Site Visits

During the Reporting Period, student interns visited our factory, gaining hands-on experience with MiC prefabrication and automated aluminium window production. This immersive experience enhanced their understanding of innovative construction and sustainable manufacturing.



Leadership Development Programmes

- During the Reporting Period, the Group conducted a 12-session Leadership Workshop for middle management, enabling participants to develop professional and team leadership skills while providing self-reflection opportunities to cultivate essential leadership qualities.

- To address the company's evolving product and services – we launched the Training Within Industry ("**TWI**") Training Programme during the Reporting Period. This initiative empowered participating managers to critically evaluate their coaching methodology, fostering immediate improvements in leadership effectiveness.

Employee Well-being

Diversity and Equality

The Group is dedicated to fostering a fair work environment free from all forms of discrimination, including but not limited to gender, race, religion, disability, marital/family status, sexual orientation or other protected characteristics. All hiring, transfer and promotion decisions strictly adhere to merit-based principles of qualifications, experience and performance, as codified in our Staff Handbook. Recruitment initiatives span diverse channels including job portals, employee referrals, and our company website, enriching our talent pool and promoting diversity within our workforce.

Labour Standards

As a responsible employer, our "zero-tolerance" stance on forced and child labour exceeds baseline legal requirements under all applicable laws and regulations[19]. Our HR team rigorously verifies candidate documentation during recruitment to ensure policy compliance, while mandatory rest periods safeguard employee well-being. We conduct regular audits of hiring practices to maintain strict adherence to international labour standards, proactively preventing any risks of forced or child labour. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to preventing forced and child labour.

Benefit and Compensation

We are committed to foster an inclusive workplace culture to enhance talent retention and motivation within our organization. Our compensation strategy features market-competitive packages with regular benchmarking reviews, ensuring equitable reward for talent. All full-time employees are entitled to a range of benefits outlined in our Staff Handbook, including public holidays, statutory holidays, sick leave, marriage leave, maternity leave, and examination and study leave.

We also utilize multiple platforms to engage our employee and ensure that their voices are heard. These communication channel include, but not limited to internal portals platform, company website, employee newsletter, meetings, surveys and opinion boxes.

[19] Please refer to the "Key Laws and Regulations" section for a list of labour-related laws and regulations that are significant to the Group's business operations.

Caring for Employees' Families

To enhance employee wellbeing and foster family engagement, Yau Lee Wah Concrete Precast Products Company Limited ("**YLW**") organized its 2nd Summer Family Day at our Huizhou facility. Our employees and their families explored MiC production lines, joined team activities, and learned about sustainable construction, strengthening intergenerational connections to our work.

Encouraging Active Living and Employee Wellness

To promote team bonding and employee wellbeing, YLW organized an outdoor activity at Shenzhen Rainbow Bridge Park for new joiners. The program included hiking, group dining, and cinema outings – fostering a harmonious work environment that reduces stress while enhancing collaboration.

Promoting Workforce Connectivity

To strengthen workforce connectivity, REC Engineering organized team-building activities, including festive events and a Movie Night, fostering camaraderie among employees through shared experiences.

COMMUNITY CARE

Approach
Engage proactively with our community to promote strong social development

Goal
Align community investment contributions with the evolving needs of our community to maximise positive impact

Most Material Topic(s)
NA

As a socially responsible company, we are dedicated to fostering social progress and empowering future generations through community investment. Following our CSR Policy, we encourage employees to support vulnerable populations via volunteer initiatives, while channelling charitable contributions toward strategic focus areas. During the Reporting Period, we donated a total of HK$559,000 to philanthropic causes prioritizing innovation, youth development and community welfare, and climate change mitigation programs.

Innovation for Shared Impact

Sharing Knowledge on Innovative Digital Twin Applications

We shared our insights at the CIC digital twin masterclass, presenting our smart hotel renovation case study. By integrating digital twin solutions with IoT, big data and AI, we optimized space utilization, maintenance efficiency, and project planning – driving digital transformation while supporting sustainable hospitality development.

Youth Development

Project RC – STEM Internship Program

The "Project RC – STEM Internship Program" continues to nurture future engineering talent through hands-on professional experiences. Held annually, the program offers students immersive departmental rotations that build career-critical skills while strengthening industry connections.

"Project Candlelight" – Nurturing New Talent for the Construction Industry

To inspire young talent to explore careers in construction, the Group launched the "Project Candlelight (燭天計劃)" in partnership with local secondary schools. This initiative introduces students to smart construction technologies – transforming the industry's image while engaging younger generations through hands-on learning and scholarship opportunities.

Enrichment Experience for Underprivileged Youths

The Group organized a special visit to Hong Kong Disneyland for 35 underprivileged children living in transitional housing, offering them exclusive access to the park's latest attractions. This magical experience enriched youths' lives through immersive entertainment and family bonding opportunities, demonstrating our dedication to creating inclusive communities.

Supporting the Needy

Happy Bags Delivery to Elderly 2024

During the Reporting Period, our volunteers took part in the "Happy Bag Delivery to Elderly 2024" initiative, delivering care packages to underprivileged elderly. This hands-on community engagement demonstrates our commitment to supporting vulnerable communities through compassionate outreach.

Ode to the Yellow River Charity Concert 2024

The Group proudly served as Silver Sponsor for the Society for Community Organization's "Ode to the Yellow River Charity Concert 2024", raising vital funds to support Hong Kong's underprivileged communities. The inspiring performances by youth and multi-generational troupes powerfully demonstrated music's capacity to unite society while addressing poverty.

2024 Green Donation Reward Program

As part of our sustainability commitment, the Group launched a 10-day employee recycling campaign during the Reporting Period, where 36 cartons of collected materials were donated to Christian Action – simultaneously supporting community welfare while reducing waste.

Association for the Rights of Industrial Accident Victims – Mothers' Group 2024 Performance Improvement Award

As in previous years, the Group proudly sponsored the Association for the Rights of Industrial Accident Victims' "Mothers' Group 2024 Performance Improvement Award," presenting four awards to recognize diligent students while supporting families affected by workplace accidents.

Mitigating Climate Change

Carbon-neutral ESG Basketball Competition

During the Reporting Period, we participated in the ESG 3-on-3 Basketball Corporate Invitational Tournament organized by the iRecycle Charity Foundation. As a certified carbon-neutral event, the tournament incorporated recycled basketballs and 3D-printed trophies, while team sponsorships supported low-income families. The initiative demonstrated how community engagement can be meaningfully aligned with climate change mitigation and circular economy principles.

LOOKING FORWARD

Moving forward, maintaining our commitment to product quality, safety, and sustainability-resilience will be paramount to our success. To drive future growth, we will strategically expand our green business initiatives as well as sustainable innovation to align with Hong Kong's 2050 carbon neutrality goals. The Group remains committed to our "Being an innovative green corporation" strategy, driving efficiency through cutting-edge technologies like AI, digital construction and robots. We continue to focus primarily on the relatively low risk public work sector, while strengthening risk controls over contractor management to navigate ongoing market uncertainties and sustain our long-standing local position in the industry.

KEY LAWS AND REGULATIONS

ESG Aspect	Significant Laws and Regulations	
	PRC	HONG KONG SAR
Aspect A1: Emissions	• Environmental Protection Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste • Standard for Pollution Control on Hazardous Waste Storage	• Air Pollution Control Ordinance (Cap.311) • Water Pollution Control Ordinance (Cap.358) • Waste Disposal Ordinance (Cap.354) • Noise Control Ordinance (Cap.400)
Aspect B1: Employment Aspect B4: Labour Standards	• Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China	• Employment Ordinance (Cap.57) • Sex Discrimination Ordinance (Cap.480) • Mandatory Provident Fund Schemes Ordinance (Cap.485) • Employees' Compensation Ordinance (Cap.282) • Employment of Children Regulations (Cap.57B) • Employment of Young Persons (Industry) Regulations (Cap.57C) • Construction Workers Registration Ordinance (Cap.583)
Aspect B2: Health and Safety	• Workplace Safety Law of the People's Republic of China • Fire Protection Law of the People's Republic of China • Regulations on Safety Management of Hazardous Chemicals	• Occupational Safety and Health Ordinance (Cap.509) • Fire Safety (Commercial Premises) Ordinance (Cap.502)
Aspect B6: Product Responsibility	• Product Quality Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Consumer Rights and Interests	• Trade Descriptions Ordinance (Cap.362) • Personal Data (Privacy) Ordinance (Cap.486) • Sale of Goods Ordinance (Cap.26)
Aspect B7: Anti-corruption	• Company Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China	• Prevention of Bribery Ordinance (Cap.201)

HKEX ESG REPORTING CODE CONTENT INDEX

Aspect	ESG Code	Remarks and References
Mandatory Disclosure Requirements		
Governance Structure		Sustainability Governance and Board's Oversight
Reporting Principles		About This Report
Reporting Boundary		About This Report
General Disclosures		
Emissions	Aspect A1	Green Operations, Key Laws and Regulations
Use of Resources	Aspect A2	Green Operations
The Environment and Natural Resources	Aspect A3	Green Operations
Climate Change	Aspect A4	Climate Resilience
Employment	Aspect B1	People Empowerment, Key Laws and Regulations
Health and Safety	Aspect B2	Occupational Health and Safety, Key Laws and Regulations
Development and Training	Aspect B3	Cultivating Our Talents
Labour Standards	Aspect B4	Labour Standards, Key Laws and Regulations
Supply Chain Management	Aspect B5	Responsible Supply Chain
Product Responsibility	Aspect B6	Building Excellence, Key Laws and Regulations
Anti-corruption	Aspect B7	Ethics and Integrity, Key Laws and Regulations
Community Investment	Aspect B8	Community Care
KPIs		
Emissions	A1.1	Air and GHG Emissions
	A1.2	Air and GHG Emissions
	A1.3	Waste Management
	A1.4	Waste Management
	A1.5	Green Operations
	A1.6	Waste Management
Use of Resources	A2.1	Energy
	A2.2	Water
	A2.3	Green Operations
	A2.4	Water
	A2.5	Not relevant to our business
The Environment and Natural Resources	A3.1	Green Operations
Climate Change	A4.1	Climate Resilience

Aspect	ESG Code	Remarks and References
Employment	B1.1	Employee Overview
	B1.2	
Health and Safety	B2.1	Safeguarding Employees' Health and Safety
	B2.2	
	B2.3	
Development and Training	B3.1	Cultivating Our Talents
	B3.2	
Labour Standards	B4.1	Labour Standards
	B4.2	Should any signs of child or forced labour in our subcontractors be identified, we will take action to stop working with the subcontractor
Supply Chain Management	B5.1	Responsible Supply Chain
	B5.2	
	B5.3	
	B5.4	
Product Responsibility	B6.1	Not relevant to our business
	B6.2	Not relevant to our business
	B6.3	Intellectual Property Protection
	B6.4	Product Innovation and Quality
	B6.5	Data Protection and Privacy
Anti-corruption	B7.1	Ethics and Integrity
	B7.2	
	B7.3	
Community Investment	B8.1	Community Care
	B8.2	

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Yau Lee Holdings Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Yau Lee Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 83 to 162, comprise:

- the consolidated balance sheet as at 31 March 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("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") as 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Basis for Opinion (continued)

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

The key audit matter identified in our audit is related to revenue recognition of construction contracts.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of construction contracts	
Refer to note 2.19(a), note 4(a), note 4(b) and note 5 to the consolidated financial statements. For the year ended 31 March 2025, the Group recognised revenue from construction contracts relating to the following operating segments: construction, electrical and mechanical installation which totalled HK$9,485,337,000. The recognition of revenue and cost of sales for the Group's construction contracts is based on the progress of contract activities, by reference to contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Management's estimate of revenue, budgeted costs, the progress of related contract work and loss provisions requires significant judgment. These judgments include the expected recovery of costs arising from variations to contracts requested by customers, the outcome of claims against customers due to scope changes and unforeseen construction site conditions, the impact of fluctuations in construction costs on project profitability, and compensation events and claims made against contractors for delays. Due to the significant judgment and estimates involved, specific audit focus was placed on this area.	Our work in relation to management's estimates in revenue, budgeted costs and the progress of related contract work focused on the following procedures for material construction contracts within the Group: • We obtained an understanding of management's internal control and process of revenue recognition of construction contracts and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • We tested the key controls over estimating contracted revenue, costs to complete and the budgeted margin of construction contracts; • We discussed with the Group's project managers the status of the projects, to identify significant variations, claims and provision on loss-making contracts, and to obtain explanations for fluctuations in margins and the expected outcome of variations and claims;

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• We obtained corroborative evidence, in relation to the above point, by reviewing the project budgets, and comparing the budgeted component costs to supporting documents including, but not limited to, price quotations of suppliers and subcontractors; • We obtained the signed contracts and correspondence with the customers and subcontractors to gather audit evidence on contract sum, variations requested by customers and claims made by or against customers and subcontractors; • We tested on a sample basis the actual cost incurred on contract work during the reporting period; • We recalculated the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred; and • We tested the calculations of contract revenue based on the estimate of the progress of contract work. We found management’s estimates in determining the revenue, budgeted costs and the progress of related contract work for the reporting period as well as the revenue recognised are supported by the audit evidence available.

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 other than 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.

Responsibilities of Directors and the 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 as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 judgment and maintain professional scepticism 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.

- Conclude on the appropriateness of the 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Cheng, Lap Yam (practising certificate number: P05135).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	5	**9,623,007**	7,811,653
Cost of sales	7	**(9,488,066)**	(7,129,171)
Gross profit		**134,941**	682,482
Other income and gains, net	6	**474,609**	13,221
Selling and distribution costs	7	**(46,088)**	(40,772)
Administrative expenses	7	**(490,019)**	(485,626)
Other operating expenses	7	**(7,198)**	(4,791)
Operating profit		**66,245**	164,514
Finance costs	9	**(55,972)**	(56,109)
Share of loss of an associate	18	**(1)**	(1)
Share of loss of joint ventures	19	**(6,941)**	(11,925)
Impairment loss of investment in a joint venture	19	**–**	(10,167)
Profit before income tax		**3,331**	86,312
Income tax expense	10	**(104,509)**	(20,511)
(Loss)/profit for the year		**(101,178)**	65,801
Attributable to:			
Equity holders of the Company		**(98,884)**	67,093
Non-controlling interests		**(2,294)**	(1,292)
		(101,178)	65,801
Dividend	11	**10,951**	21,902
(Losses)/earnings per share (basic and diluted)	12	**HK(22.57) cents**	HK15.32 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 *HK$'000*	2024 *HK$'000*
(Loss)/profit for the year	**(101,178)**	65,801
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Currency translation differences	**(8,377)**	(46,336)
Total comprehensive (loss)/income for the year	**(109,555)**	19,465
Attributable to:		
Equity holders of the Company	**(107,261)**	20,757
Non-controlling interests	**(2,294)**	(1,292)
Total comprehensive (loss)/income for the year	**(109,555)**	19,465

CONSOLIDATED BALANCE SHEET

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	1,294,599	1,173,126
Investment properties	15	213,300	263,934
Other intangible assets	16	4,062	5,118
Goodwill	16	17,898	17,898
Associate	18	33	34
Joint ventures	19	44,477	51,936
Deferred income tax assets	26	16,749	4,908
Mortgage loans receivables	21(c)	9,066	10,491
		1,600,184	1,527,445
Current assets			
Cash and bank balances	20	770,225	905,585
Trade debtors, net	21(a)	1,090,240	869,238
Contract assets	23	2,107,738	1,872,425
Prepayments, deposits and other receivables	21(b)	261,324	228,498
Mortgage loans receivables	21(c)	1,428	1,320
Inventories	22	143,914	145,568
Completed properties held for sale	24	540,411	112,326
Due from joint operations	19	9,161	6,590
Due from other partners of joint operations	19	32,436	12,626
Prepaid income tax		14,170	44,494
		4,971,047	4,198,670
Total assets		6,571,231	5,726,115
Equity			
Share capital	29	87,611	87,611
Other reserves	30	376,411	384,788
Retained profits	30	911,979	1,032,765
Attributable to equity holders of the Company		1,376,001	1,505,164
Non-controlling interests		(5,892)	(3,598)
Total equity		1,370,109	1,501,566

Consolidated Balance Sheet

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Liabilities			
Non-current liabilities			
Long-term borrowings	25	454,577	441,500
Deferred income tax liabilities	26	76,513	10,199
Other non-current liabilities	28(b)	18,140	9,518
		549,230	461,217
Current liabilities			
Short-term bank loans	25	1,961,581	1,506,261
Current portion of long-term borrowings	25	337,868	344,200
Payables to suppliers and subcontractors	27	929,635	605,358
Accruals, retention payables, deposits received and other liabilities	28(a)	958,756	694,759
Income tax payable		3,328	5,197
Contract liabilities	23	445,519	597,933
Due to joint operations	19	9,624	9,624
Due to a partner of a joint operation	19	5,581	–
		4,651,892	3,763,332
Total liabilities		5,201,122	4,224,549
Total equity and liabilities		6,571,231	5,726,115

The consolidated financial statements on pages 83 to 162 were approved by the Board of Directors on 25 June 2025 and were signed on its behalf.

Wong Ip Kuen *Director*	**Wong Tin Cheung** *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Currency translation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
As at 1 April 2023	87,611	413,776	359	(39,325)	55,366	948	987,574	1,506,309	(2,306)	1,504,003
Profit/(loss) for the year	–	–	–	–	–	–	67,093	67,093	(1,292)	65,801
Other comprehensive income:										
Currency translation differences	–	–	–	(46,336)	–	–	–	(46,336)	–	(46,336)
2023 final dividend	–	–	–	–	–	–	(10,951)	(10,951)	–	(10,951)
2024 interim dividend	–	–	–	–	–	–	(10,951)	(10,951)	–	(10,951)
As at 31 March 2024	87,611	413,776	359	(85,661)	55,366	948	1,032,765	1,505,164	(3,598)	1,501,566
As at 1 April 2024	**87,611**	**413,776**	**359**	**(85,661)**	**55,366**	**948**	**1,032,765**	**1,505,164**	**(3,598)**	**1,501,566**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(98,884)**	**(98,884)**	**(2,294)**	**(101,178)**
Other comprehensive income:										
Currency translation differences	**–**	**–**	**–**	**(8,377)**	**–**	**–**	**–**	**(8,377)**	**–**	**(8,377)**
2024 final dividend *(Note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**(10,951)**	**(10,951)**	**–**	**(10,951)**
2025 interim dividend *(Note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**(10,951)**	**(10,951)**	**–**	**(10,951)**
As at 31 March 2025	**87,611**	**413,776**	**359**	**(94,038)**	**55,366**	**948**	**911,979**	**1,376,001**	**(5,892)**	**1,370,109**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Net cash used in operations	31(a)	(261,751)	(441,928)
Hong Kong profits tax refunded		1,939	10,984
Hong Kong profits tax paid		(19,491)	(31,831)
Non-Hong Kong tax paid, net		(781)	(545)
Net cash used in operating activities		(280,084)	(463,320)
Cash flows from investing activities			
Purchase of property, plant and equipment		(170,589)	(159,871)
Additions to investment properties		–	(5,055)
Proceeds from disposal of property, plant and equipment		20,728	3,548
Interest received		15,397	11,729
Net decrease in mortgage loan receivables		1,314	1,223
Net cash used in investing activities		(133,150)	(148,426)
Cash flows from financing activities	31(b)		
Repayment of bank loans		(125,261)	(40,900)
Drawdown of bank loans		580,781	965,867
(Increase)/decrease in restricted deposits		(7,805)	10,094
Capital element of lease payments		(21,414)	(20,217)
Interest element of lease payments		(1,954)	(861)
Dividend paid		(21,902)	(21,902)
Interest paid		(131,674)	(100,831)
Net cash from financing activities		270,771	791,250
Net (decrease)/increase in cash and cash equivalents		(142,463)	179,504
Cash and cash equivalents at beginning of year		861,811	688,713
Exchange loss on cash and cash equivalents		(702)	(6,406)
Cash and cash equivalents at end of year		718,646	861,811
Analysis of cash and cash equivalents	20(b)		
Cash and bank balances		575,563	474,385
Time deposits		143,083	387,426
		718,646	861,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. The Group is also engaged in other activities which mainly include computer software development and architectural and engineering services.

The Company is a limited liability company incorporated in Bermuda on 25 June 1991. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 June 2025.

2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards and interpretation adopted by the Group

The Group has applied the following amendments to standards and interpretation for the first time for their annual reporting period commencing on 1 April 2024:

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

The adoption of these amendments to standards and interpretation does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

(b) New standards, amendments to standards and interpretation not yet adopted by the Group

Certain new standards, amendments to standards and interpretation have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group has already commenced an assessment of the impact of the above new standards, amendments to standards and interpretation and does not expect that they would have any significant impact to its results of operation and financial position.

2 Summary of material accounting policies (continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(c) Joint arrangements

Under HKFRS 11, "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

(i) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated balance sheet.

2 Summary of material accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.7.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

For purchase of additional interest in subsidiary from non-controlling shareholders, the difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of material accounting policies (continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "Other income and gains, net".

(c) Group companies

The results and financial position of all the Group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 Summary of material accounting policies (continued)

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Direct and indirect costs relating to the construction in progress, including borrowing costs during the construction period are capitalised as the costs of the assets.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Hotel property	
– Leasehold land	Remaining lease period
– Building	50 years
Leasehold land	Remaining lease period
Buildings	20-50 years
Leasehold improvements	4 years
Plant and machinery	4-10 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	4-5 years

2 Summary of material accounting policies (continued)

2.4 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and gains, net" in the consolidated income statement.

Construction in progress represents property, plant and equipment on which construction work has not been completed and which, upon completion, management intend to hold for the use of the Group. They are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the amounts are transferred to respective categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

The right-of-use assets of leases are presented as the relevant underlying assets of the property, plant and equipment. Details of the accounting policies of leases are disclosed in Note 2.20.

2.5 Investment properties

Investment properties are properties held for long-term rental income or capital appreciation or both. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are carried at fair value based on valuations performed by independent qualified valuers on a market value basis related to individual properties, and separate values are not attributed to land and buildings. Changes in fair values are recognised in consolidated income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in consolidated income statement in the period in which the asset is derecognised.

2 Summary of material accounting policies (continued)

2.6 Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2.7 Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investments and other financial assets

(a) Classification

The Group classifies its financial assets as subsequently measured at fair value (either through other comprehensive income ("OCI") or through profit or loss) and at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 Summary of material accounting policies (continued)

2.8 Investments and other financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments as financial assets at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in "Other income and gains, net" together with foreign exchange gains and losses. Impairment losses are presented in "Administrative expenses" in the consolidated income statement.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Summary of material accounting policies (continued)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Inventories

Inventories comprise building materials and spare parts for sale and are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out ("FIFO") basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days to 150 days and therefore are all classified as current.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.8 for further information about the Group's accounting for trade and other receivables and a description of the Group's impairment policies.

2.12 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to provide services to the customer. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flows statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2 Summary of material accounting policies (continued)

2.14 Payables to suppliers and subcontractors

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Payables to suppliers and subcontractors are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 Summary of material accounting policies (continued)

2.16 Current and deferred income tax (continued)

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of material accounting policies (continued)

2.17 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates defined contribution schemes which are available to all employees. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the consolidated income statement as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus entitlements

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(d) Long service payment liabilities

The Group's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"). The amendment will come into effect prospectively from a date to be appointed by the Hong Kong Government (the "Transition Date").

Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

2 Summary of material accounting policies (continued)

2.17 Employee benefits (continued)

(d) Long service payment liabilities (continued)

By following the Guidance issued by HKICPA in July 2023, the Group has reattributed the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a).

The amendment did not have material impact on the Group's consolidated financial statements for the year ended 31 March 2025 and 2024.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of material accounting policies (continued)

2.19 Revenue recognition

The Group recognises different types of revenue as follows:

(a) Construction and electrical and mechanical installation – Contract revenue

Revenue from individual contracts is recognised according to progress of the project. The Group recognises revenue based on progress towards complete satisfaction of performance obligation, which is measured based on the entity's effort or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended and cost incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

The payment terms differed for different customers due to the variety of projects. The Group does not intend to give a financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

The Group accounts for a modification if the customers to a contract approve a change in the scope and/or the price of a contract. A contract modification is approved when the modification creates or changes the enforceable rights and obligations of the customers to the contract. If the customers have approved a change in scope, but have not yet determined the corresponding change in price, the Group estimates the change to the contract price as a variable consideration.

The estimated amount of the variable consideration is included in the contract price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable considerations is subsequently resolved.

The Group records contract liability for non-refundable advance payment from customer before rendering of services since there is still performance obligation to complete. The contract liabilities are recognised as revenue over the period during which the relevant services are rendered to customers.

2 Summary of material accounting policies (continued)

2.19 Revenue recognition (continued)

(b) Building materials supply – Sales of goods

Revenue is recognised at a point in time when the control of the goods is transferred to the customers, being when the goods are sold to the customers, there is no unfulfilled obligation that could affect the customers' acceptance of the goods, the customer has obtained the physical possession or the legal title of the goods and the Group has present right to payment. The Group controls the products in these transactions and, therefore, the Group is the principal and revenue is recognised on a gross basis. The Group does not provide any sales-related warranties. There is no right of return by customers under the Group's standard contract terms.

(c) Property investment – Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the terms of the respective leases.

(d) Hotel operations – Room rental and other ancillary services revenue

Hotel revenue from room rental and other ancillary services is recognised over time in the reporting period in which the hotel accommodation services are transferred to the customer.

(e) Property sales – Sales of goods

Revenue from pre-sale of properties under development is recognised when or as the control of the asset is transferred to the customer. It is recognised at a point in time when the customer obtains control and legal title of the completed property. The timing of revenue recognition for sale of completed properties would be recognised when the underlying property is legally transferred to the customer under the control transfer model. The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property would be adjusted when significant financing component exists in that contract. Certain costs incurred for obtaining a pre-sale property contract would be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract.

2 Summary of material accounting policies (continued)

2.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2 Summary of material accounting policies (continued)

2.20 Leases (continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

2.21 Property under development for sale and completed properties held for sale

(a) Property under development for sale

Property under development for sale comprises leasehold land, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. Property under development for sale is stated at the lower of cost and net realisable value.

Upon completion, completed properties for pre-determined sale purpose are classified as "Completed properties held for sale".

Property under development for sale is classified as current assets as the construction period of the relevant property development project is expected to be completed within the normal operating cycle and is intended for sale.

Deposits and instalments received on properties sold prior to transfer of the legal titles of the properties are included under contract liabilities.

(b) Completed properties held for sale

Completed properties held for sale are initially measured at the carrying amount of the properties at the date of reclassification from property under development for sale. Properties remaining unsold at the end of the year are stated at the lower of cost or net realisable value.

Net realisable value represents the management's estimated selling price based on prevailing market conditions less costs to be incurred in selling the properties.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's management under the supervision of the Audit Committee. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Audit Committee provides guidance for overall risk management.

(a) Market risk

(i) Foreign currency risk

The Group mainly operates in Hong Kong, Macau, Singapore and Mainland China. Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions and monetary assets and liabilities denominated in a currency that is not the entities' functional currency.

As at 31 March 2025, if Renminbi ("RMB") had strengthened/weakened by 5% against HK$ with all other variables held constant, the Group's pre-tax profit for the year would have been HK$2,457,000 (2024: HK$2,662,000) higher/lower.

(ii) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk mainly arises from its borrowings, mortgage loans receivables and interest bearing cash deposits issued at variable rates.

The Group closely monitors and manages its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangement when appropriate.

As at 31 March 2025, had interest rates been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been HK$22,720,000 higher/lower (2024: post-tax profit would have been HK$18,950,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings net of higher/lower interest income on cash deposits and mortgage loans receivables.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises mainly from trade debtors, contract assets, mortgage loans receivables, deposits and other receivables, amount due from joint operations and other partners of joint operations, cash and bank balances, as well as credit exposure to customers. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, management has monitoring procedures in place to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment is made for the irrecoverable amounts.

The Group has no significant credit risk regarding deposits with banks as these are held with high-credit-quality financial institutions, substantially comprising the Group's principal bankers.

(i) Impairment of financial assets

Trade debtors and contract assets

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure expected credit losses, the Group categorises its trade debtors and contract assets based on the nature of customer accounts and shared credit risk characteristics.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Impairment of financial assets (continued)

The expected loss rates are based on the historical loss rates as adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

	Weighted average lifetime expected credit loss rate	Trade debtors and contract assets		
		Gross carrying amount	Lifetime expected credit loss	Net carrying amount
		HK$'000	*HK$'000*	*HK$'000*
At 31 March 2025				
Not yet due	**0%**	**3,048,017**	**–**	**3,048,017**
1-30 days past due	**0%**	**72,084**	**–**	**72,084**
31-90 days past due	**0%**	**41,025**	**(53)**	**40,972**
91-180 days past due	**0%**	**12,844**	**(17)**	**12,827**
Over 180 days past due	**63%**	**65,938**	**(41,860)**	**24,078**
Total		**3,239,908**	**(41,930)**	**3,197,978**
At 31 March 2024				
Not yet due	0%	2,628,276	–	2,628,276
1-30 days past due	0%	42,775	–	42,775
31-90 days past due	1%	19,421	(232)	19,189
91-180 days past due	2%	22,975	(412)	22,563
Over 180 days past due	62%	75,261	(46,401)	28,860
Total		2,788,708	(47,045)	2,741,663

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Impairment of financial assets (continued)

Mortgage loan receivables, deposits and other receivables, amount due from joint operations and other partners of joint operations

As at 31 March 2025, except for other receivables of nil (2024: HK$10,955,000) which was impaired, all of these financial assets are considered to have low credit risk, and thus the impairment provision recognised was limited to 12 months expected losses. Management considered these financial assets to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the 12 months expected credit losses for these receivables are not material, and thus, no loss allowance provision was recognised during the year.

(c) Liquidity risk

In order to maintain flexibility in funding, the Group has credit facilities available from various banks. The Group has bank borrowings as at 31 March 2025 and 2024 to finance its operations.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flows.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at 31 March 2025, the Group held cash and bank deposits of HK$770,225,000 (2024: HK$905,585,000) and trade debtors, net of HK$1,090,240,000 (2024: HK$869,238,000) that are expected to generate cash inflows in the next twelve months for managing liquidity risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
At 31 March 2025			
Short-term bank loans and interest thereon	**2,057,159**	**–**	**–**
Long-term borrowings and interest thereon	**365,472**	**120,216**	**373,349**
Lease liabilities	**18,324**	**15,134**	**3,726**
Payables to suppliers and subcontractors	**929,635**	**–**	**–**
Accruals, retention payables and other liabilities, excluding lease liabilities	**805,747**	**68,707**	**67,559**
Due to joint operations	**9,624**	**–**	**–**
Due to a partner of a joint operation	**5,581**	**–**	**–**
At 31 March 2024			
Short-term bank loans and interest thereon	1,594,608	–	–
Long-term borrowings and interest thereon	387,653	132,377	363,795
Lease liabilities	14,096	10,037	–
Payables to suppliers and subcontractors	605,358	–	–
Accruals, retention payables and other liabilities, excluding lease liabilities	620,354	5,352	56,018
Due to joint operations	9,624	–	–

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to capital. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) plus lease liabilities (included in accruals, retention payables, deposit received and other liabilities and other non-current liabilities) less cash and bank balances. Total capital is calculated as equity plus net debt.

The Group's strategy is to maintain a debt to capital ratio at a minimal level. The debt to capital ratio at 31 March 2025 and 2024 were as follows:

	2025	2024
	HK$'000	*HK$'000*
Total borrowings *(Note 25)*	**2,754,026**	2,291,961
Lease liabilities *(Note 14(b))*	**34,883**	22,553
Less: Cash and bank balances *(Note 20)*	**(770,225)**	(905,585)
Net debt	**2,018,684**	1,408,929
Total equity	**1,370,109**	1,501,566
Total capital	**3,388,793**	2,910,495
Net debt to capital ratio	**0.60**	0.48

The net debt position resulted primarily from normal operating and investing activities of the Group which include the acquisition of property, plant and equipment in prior years and during the year.

3 Financial risk management (continued)

3.3 Fair value estimation

(a) Fair value hierarchy

The table below analyses financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

For the disclosures of the investment properties that are measured at fair value, please refer to Note 15.

Fair value of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1, Level 2 and Level 3 fair value hierarchy classifications.

There were no significant changes in valuation techniques during the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Progress of construction works

The Group recognises revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction works (including electrical and mechanical installation). The progress is determined by the entity's efforts or inputs to the satisfaction of performance obligations (for example, resources consumed, labour hours expended and cost incurred) relative to the total expected inputs to the satisfaction of that performance obligation. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

(b) Estimation of loss provisions in respect of construction works

The Group's management estimates the amount of loss provisions of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise subcontracting charges and costs of materials are prepared by management on the basis of quotations provided by the major contractors, suppliers and vendors involved, and the experience of the management. Management conducts periodic review on the budgeted income and cost by reviewing the actual amounts recovered or incurred. Items that will be subject to significant variances and impact the amount of loss provisions of construction contracts include the changes in estimations or the actual costs incurred for materials, staff costs, the amount of variation orders and claims as compared to management's budget.

5 Revenue and segment information

(a) Disaggregation of revenue

The Group is principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations.

	2025	2024
	HK$'000	*HK$'000*
Revenue		
Construction	**7,235,373**	5,604,081
Electrical and mechanical installation	**2,249,964**	2,079,920
Building materials supply	**96,586**	86,295
Property investment and development	**23,723**	12,466
Hotel operations	**30**	936
Others	**17,331**	27,955
	9,623,007	7,811,653

(b) Segment information

For the year ended 31 March 2025, the Group recognised revenue from contracts with customers (including construction, electrical and mechanical installation, hotel operations and others) over time except for revenue from building materials supply of HK$96,586,000 (2024: HK$86,295,000), property sales of HK$18,772,000 (2024: HK$9,800,000) and others of HK$16,077,000 (2024: HK$25,719,000), which were recognised at a point in time. The revenue from other source (rental income included in property investment and development and hotel operations) amounted to HK$4,981,000 (2024: HK$3,602,000).

5 Revenue and segment information (continued)

(b) Segment information (continued)

The chief operating decision makers have been identified as the Executive Directors. In accordance with the Group's internal financial reporting provided to the Executive Directors, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are as follows:

- Construction – Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects
- Electrical and mechanical installation – Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services
- Building materials supply – Supply of construction and building materials
- Property investment and development
- Hotel operations

Other operations of the Group mainly comprise computer software development and architectural and engineering services which are not of a sufficient size to be reported separately.

Segment information below included inter-segment and intra-segment sales which were considered by chief operating decision makers in allocating resources, assessing performance of the operating segments and making strategic decisions.

5 Revenue and segment information (continued)

(b) Segment information (continued)

	Construction HK$'000	Electrical & Mechanical Installation HK$'000	Building Materials Supply HK$'000	Property Investment and Development HK$'000	Hotel Operations HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2025							
Total revenue	7,435,890	3,138,454	1,320,059	23,782	30	183,731	12,101,946
Inter-segment and intra-segment revenue	(200,517)	(888,490)	(1,223,473)	(59)	–	(166,400)	(2,478,939)
External revenue	7,235,373	2,249,964	96,586	23,723	30	17,331	9,623,007
Segment results	(424,681)	49,957	22,529	440,801	(15,777)	(9,864)	62,965
Share of loss of an associate	–	(1)	–	–	–	–	(1)
Share of loss of joint ventures	–	–	(6,941)	–	–	–	(6,941)
	(424,681)	49,956	15,588	440,801	(15,777)	(9,864)	56,023
Unallocated income							3,280
Finance costs							(55,972)
Profit before income tax							3,331
Income tax expense							(104,509)
Loss for the year							(101,178)
At 31 March 2025							
Segment assets	2,901,609	1,232,780	671,856	780,899	731,886	162,069	6,481,099
Interest in an associate	–	8	–	–	–	25	33
Interests in joint ventures	–	–	44,477	–	–	–	44,477
Unallocated assets							45,622
Total assets							6,571,231
Segment liabilities	(1,301,229)	(917,474)	(102,528)	(27,757)	(1,935)	(16,490)	(2,367,413)
Bank loans							(2,754,026)
Unallocated liabilities							(79,683)
Total liabilities							(5,201,122)
Year ended 31 March 2025							
Capital expenditure	22,923	4,003	22,006	1,516	116,111	10,738	177,297
Depreciation	15,277	17,423	38,631	2,103	5,456	10,960	89,850
Amortisation of other intangible assets	–	1,056	–	–	–	–	1,056
Fair value loss on investment properties	–	–	–	26,234	–	–	26,234

5 Revenue and segment information (continued)

(b) Segment information (continued)

	Construction HK$'000	Electrical & Mechanical Installation HK$'000	Building Materials Supply HK$'000	Property Investment and Development HK$'000	Hotel Operations HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2024							
Total revenue	5,884,655	2,930,790	801,216	112,721	936	138,005	9,868,323
Inter-segment and intra-segment revenue	(280,574)	(850,870)	(714,921)	(100,255)	–	(110,050)	(2,056,670)
External revenue	5,604,081	2,079,920	86,295	12,466	936	27,955	7,811,653
Segment results	125,852	43,727	14,560	(16,118)	(11,673)	(9,972)	146,376
Share of loss of an associate	–	(1)	–	–	–	–	(1)
Share of loss of joint ventures	–	–	(11,925)	–	–	–	(11,925)
Impairment loss of investment in a joint venture	–	–	(10,167)	–	–	–	(10,167)
	125,852	43,726	(7,532)	(16,118)	(11,673)	(9,972)	124,283
Unallocated income							18,138
Finance costs							(56,109)
Profit before income tax							86,312
Income tax expense							(20,511)
Profit for the year							65,801
At 31 March 2024							
Segment assets	2,625,965	1,069,070	779,230	388,307	611,866	175,260	5,649,698
Interest in an associate	–	9	–	–	–	25	34
Interests in joint ventures	–	–	51,936	–	–	–	51,936
Unallocated assets							24,447
Total assets							5,726,115
Segment liabilities	(959,436)	(804,999)	(100,555)	(43,510)	(349)	(8,182)	(1,917,031)
Bank loans							(2,291,961)
Unallocated liabilities							(15,557)
Total liabilities							(4,224,549)
Year ended 31 March 2024							
Capital expenditure	22,134	5,460	26,310	24,998	100,476	9,645	189,023
Depreciation	14,028	17,093	36,603	3,019	4,947	7,815	83,505
Amortisation of other intangible assets	–	1,056	–	–	–	–	1,056
Fair value loss on investment properties	–	–	–	11,855	–	–	11,855

5 Revenue and segment information (continued)

(b) Segment information (continued)

The analysis of revenue by geographical area is as follows:

	2025 *HK$'000*	2024 *HK$'000*
Hong Kong	9,241,924	7,550,333
Non-Hong Kong	381,083	261,320
	9,623,007	7,811,653

Revenue of approximately HK$6,363,758,000 (2024: HK$3,923,403,000) is derived from two (2024: two) major customers each contributing 10% or more of the total revenue.

Non-current assets, other than financial instruments and deferred income tax assets, by geographical area are as follows:

	2025 *HK$'000*	2024 *HK$'000*
Hong Kong	1,129,343	1,021,331
Non-Hong Kong	445,026	490,715
	1,574,369	1,512,046

Notes to the Consolidated Financial Statements

6 Other income and gains, net

	2025 *HK$'000*	2024 *HK$'000*
Other income		
Bank interest income	**15,397**	11,729
Interest income from subcontractors	**566**	919
Sundry income	**11,952**	9,718
	27,915	22,366
Other gains/(losses), net		
Relocation compensation gain *(Note)*	**468,199**	–
Gain on disposal of property, plant and equipment, net	**911**	2,711
Fair value loss on investment properties *(Note 15)*	**(26,234)**	(11,855)
Exchange gain/(loss), net	**3,818**	(1)
	446,694	(9,145)
	474,609	13,221

Note: The entitlement for residential properties with a total construction area of 10,116 square metres in Longhua, Shenzhen was completed and transferred to the group during the year ended 31 March 2025. These properties are carried on account at a value referencing the latest market selling prices less incidental expense.

7 Expenses by nature

	2025	2024
	HK$'000	*HK$'000*
Cost of construction	**6,949,053**	5,379,103
Cost of inventories sold	**1,024,528**	505,432
Cost of properties sold *(Note 24)*	**15,398**	9,800
Staff costs (excluding directors' emoluments) *(Note 13)*	**1,557,028**	1,368,175
Directors' emoluments *(Note 36)*	**29,454**	28,927
Depreciation *(Note 14)*		
Owned property, plant and equipment	**61,967**	59,725
Leased property, plant and equipment	**27,883**	23,780
	89,850	83,505
Expenses relating to short-term leases of		
Land and buildings	**2,101**	2,418
Other equipment	**192,844**	112,041
	194,945	114,459
Amortisation of other intangible assets *(Note 16)*	**1,056**	1,056
Movement in loss allowance for trade debtors	**(5,061)**	4,403
Write-back of provision for inventories	**(43)**	(20)
Auditors' remuneration		
– Audit services	**5,229**	5,297
– Non-audit services	**518**	423
Direct operating expenses arising from investment properties		
– Generate rental income	**1,160**	510
– Not generate rental income	**94**	66
Selling and distribution costs	**46,088**	40,772
Others	**122,074**	118,452
Total cost of sales, selling and distribution costs, administrative and other operating expenses	**10,031,371**	7,660,360

8 Directors' and senior management's emoluments

(a) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2024: four) Directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments paid and payable to the remaining one (2024: one) highest-paid individual in 2025 were as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Salaries	**2,340**	1,692
Bonuses	**858**	2,367
Retirement benefits	**108**	75
	3,306	4,134

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK$3,000,001-HK$3,500,000	**1**	–
HK$4,000,001-HK$4,500,000	**–**	1

(b) During the years ended 31 March 2025 and 2024, no emoluments have been paid by the Group to the Directors or the five highest-paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors waived or has agreed to waive any emoluments.

(c) Senior management (excluding directors) remuneration by bands

The remuneration fell within the following bands for the years ended 31 March 2025 and 2024:

	Number of individuals	
	2025	2024
HK$1,500,001-HK$2,000,000	**1**	2
HK$2,000,001-HK$2,500,000	**1**	–
HK$2,500,001-HK$3,000,000	**2**	3
HK$3,000,001-HK$3,500,000	**2**	1
	6	6

9 Finance costs

	2025 *HK$'000*	2024 *HK$'000*
Interest on short-term bank loans	**97,158**	60,263
Interest on long-term bank loans	**34,516**	40,568
Interest element of lease payments *(Note 14(b)(ii))*	**1,954**	861
Total borrowing costs incurred	**133,628**	101,692
Less: Classified as cost of construction	**(77,656)**	(45,583)
	55,972	56,109

10 Income tax expense

	2025 *HK$'000*	2024 *HK$'000*
Hong Kong profits tax provision for the year	**9,708**	20,317
Non-Hong Kong tax provision for the year	**39,977**	454
Under/(over) provision in prior years	**25**	(165)
Deferred income tax relating to the origination and reversal of temporary differences *(Note 26)*	**54,799**	(95)
	104,509	20,511

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2024: 8.25% and 16.5%) on the estimated assessable profits for the year. Under the two-tiered profits tax rates regime introduced on 29 March 2018, Hong Kong profits tax rate for the first HK$2 million of assessable profits is 8.25%. Assessable profits above HK$2 million is at the rate of 16.5%.

Taxation on non-Hong Kong profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries/regions in which the Group operates.

Subsidiaries operated in the People's Republic of China ("PRC") are subject to corporate income tax ("CIT") rate of 25% (2024: 25%). Some subsidiaries operated in the PRC qualified as a National High and New Technology Enterprise ("HNTE") with a validity of three years. According to the CIT Law, the enterprise qualifying the HNTE status is entitled to the 15% reduced CIT rate subject to a record-filing to the in-charge tax bureau. As such, the applicable CIT rate for those subsidiaries is 15% (2024: 15%) during the year. Subsidiaries and branch offices established in Macau are subject to Macau profits tax at a rate of 12% during the year (2024: 12%).

Notes to the Consolidated Financial Statements

10 Income tax expense (continued)

The tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

	2025 HK$'000	2024 HK$'000
Profit before income tax	3,331	86,312
Share of loss of an associate and joint ventures	6,942	11,926
	10,273	98,238
Calculated at a taxation rate of 16.5% (2024: 16.5%)	1,695	16,209
Effect of different tax rates in other tax jurisdiction	(7,058)	(2,646)
Income not subject to taxation	(3,387)	(1,692)
Expenses not deductible for taxation purposes	4,499	4,313
Temporary differences not recognised	(210)	(115)
Tax losses not recognised	91,961	15,407
Recognition of previously unrecognised tax losses	(22,409)	–
Utilisation of previously unrecognised tax losses	(30,244)	(9,866)
Under/(over)-provision in prior years	25	(165)
Others	(1,394)	(934)
	33,478	20,511
Effect of different tax rate for relocation compensation gain	71,031	–
Income tax expense	104,509	20,511

11 Dividend

	2025 HK$'000	2024 HK$'000
Interim dividend paid during the year		
Interim – HK2.50 cents (2024: HK2.50 cents) per ordinary share	10,951	10,951
Proposed final dividend		
Final – Nil (2024: HK2.50 cents per ordinary share)	–	10,951
	10,951	21,902

In the Board meeting held on 25 June 2025, the Directors did not recommend the payment of final dividend for the year ended 31 March 2025 (2024: HK2.50 cents per share, totalling of HK$10,951,000).

12 (Losses)/earnings per share (basic and diluted)

The calculation of (losses)/earnings per share is based on:

	2025	2024
	HK$'000	*HK$'000*
Net (loss)/profit attributable to the equity holders of the Company	**(98,884)**	67,093

	2025	2024
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600
Basic (losses)/earnings per share	**HK(22.57) cents**	HK15.32 cents

Diluted (losses)/earnings per share for the years ended 31 March 2025 and 2024 are equal to basic (losses)/earnings per share as there are no potential dilutive shares in issue during the years.

13 Staff costs (excluding directors' emoluments)

	2025	2024
	HK$'000	*HK$'000*
Salaries, wages and bonuses	**1,477,974**	1,297,526
Provision for unutilised annual leave	**1,588**	439
Long service payments and pension costs	**76,583**	69,974
Termination benefits	**883**	236
	1,557,028	1,368,175

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such considerations) to offset existing contributions under the defined contribution schemes.

Notes to the Consolidated Financial Statements

14 Property, plant and equipment

	Hotel property HK$'000	Leasehold land and buildings HK$'000	Land use rights HK$'000	Leased properties HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 March 2024										
Opening net book value	459,731	420,472	59,170	18,066	17,514	86,588	20,453	13,081	204	1,095,279
Additions	–	33,788	–	7,767	–	16,070	17,576	8,985	99,782	183,968
Disposals	–	–	–	–	(23)	(303)	(358)	(153)	–	(837)
Lease modification	–	–	–	(211)	–	–	–	–	–	(211)
Depreciation *(Note 7)*	(2,953)	(24,142)	(1,805)	(16,287)	(3,991)	(18,931)	(9,484)	(5,912)	–	(83,505)
Currency translation differences	–	(16,479)	(2,992)	(51)	–	(1,580)	(354)	(112)	–	(21,568)
Closing net book value	456,778	413,639	54,373	9,284	13,500	81,844	27,833	15,889	99,986	1,173,126
At 31 March 2024										
Cost	490,993	630,955	76,145	55,612	188,732	331,162	142,236	62,777	99,986	2,078,598
Accumulated depreciation	(34,215)	(217,316)	(21,772)	(46,328)	(175,232)	(249,318)	(114,403)	(46,888)	–	(905,472)
Net book value	456,778	413,639	54,373	9,284	13,500	81,844	27,833	15,889	99,986	1,173,126
Year ended 31 March 2025										
Opening net book value	**456,778**	**413,639**	**54,373**	**9,284**	**13,500**	**81,844**	**27,833**	**15,889**	**99,986**	**1,173,126**
Additions	**–**	**–**	**–**	**6,711**	**1,516**	**23,176**	**20,268**	**11,101**	**114,525**	**177,297**
Transfer from investment properties *(Note 15)*	**–**	**24,400**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**24,400**
Disposals	**–**	**(11,623)**	**–**	**(917)**	**–**	**(6,551)**	**(229)**	**(497)**	**–**	**(19,817)**
Lease modification	**–**	**–**	**–**	**33,590**	**–**	**–**	**–**	**–**	**–**	**33,590**
Depreciation *(Note 7)*	**(2,954)**	**(26,276)**	**(1,738)**	**(16,172)**	**(3,687)**	**(18,877)**	**(13,503)**	**(6,643)**	**–**	**(89,850)**
Currency translation differences	**–**	**(3,018)**	**(560)**	**(5)**	**–**	**(310)**	**(222)**	**(32)**	**–**	**(4,147)**
Closing net book value	**453,824**	**397,122**	**52,075**	**32,491**	**11,329**	**79,282**	**34,147**	**19,818**	**214,511**	**1,294,599**
At 31 March 2025										
Cost	**490,993**	**636,939**	**75,348**	**62,972**	**98,418**	**256,351**	**146,040**	**61,563**	**214,511**	**2,043,135**
Accumulated depreciation	**(37,169)**	**(239,817)**	**(23,273)**	**(30,481)**	**(87,089)**	**(177,069)**	**(111,893)**	**(41,745)**	**–**	**(748,536)**
Net book value	**453,824**	**397,122**	**52,075**	**32,491**	**11,329**	**79,282**	**34,147**	**19,818**	**214,511**	**1,294,599**

14 Property, plant and equipment (continued)

(a) The net book value of property, plant and equipment pledged as security for the Group's banking facilities amounted to HK$513,974,000 (2024: HK$510,457,000) (Notes 25 and 32(d)).

(b) Leases

This note provides information for leases where the Group is a lessee.

The Group leases a number of premises mainly for use as office premises, staff quarter and warehouses. The leases are typically made for fixed periods from 2 to 5 years.

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2025 ***HK$'000***	2024 *HK$'000*
Right-of-use assets		
Hotel property	**359,778**	360,218
Leasehold land	**105,069**	92,034
Land use rights	**52,075**	54,373
Leased properties	**32,491**	9,285
Plant and machinery	**–**	8,795
Motor vehicles	**701**	5,153
	550,114	529,858
Lease liabilities		
Current (included in accruals, retention payables, deposits received and other liabilities)	**16,743**	13,035
Non-current (included in other non-current liabilities)	**18,140**	9,518
	34,883	22,553

Additions to the right-of-use assets during the year ended 31 March 2025 were HK$6,711,000 (2024: HK$47,587,000).

14 Property, plant and equipment (continued)

(b) Leases (continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2025 *HK$'000*	2024 *HK$'000*
Depreciation charge of right-of-use assets		
Hotel property	440	440
Leasehold land	5,265	3,394
Land use rights	1,738	1,805
Leased properties	16,172	16,287
Plant and machinery	–	1,157
Motor vehicles	284	697
	23,899	23,780
Interest expense (included in cost of sales and finance costs) *(Note 9)*	1,954	861
Expense relating to short-term leases *(Note 7)*	194,945	114,459

The total cash outflow for leases during the year ended 31 March 2025 was HK$218,313,000 (2024: HK$135,537,000).

15 Investment properties

	2025	2024
	HK$'000	*HK$'000*
Beginning of year	**263,934**	170,100
Additions	**–**	5,055
Transfer from completed properties held for sale *(Note 24)*	**–**	100,634
Transfer to property, plant and equipment *(Note 14)*	**(24,400)**	–
Fair value loss recognised in the consolidated income statement *(Note 6)*	**(26,234)**	(11,855)
End of year	**213,300**	263,934

Valuation process

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31 March 2025 and 2024 have been determined on the basis of valuations carried out by independent valuers. Investment properties situated in Hong Kong and Macau were valued as at 31 March 2025 by Jones Lang LaSalle Limited, an independent firm of qualified property valuers. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at using direct comparison method.

Fair value measurements using significant unobservable inputs

Fair values of completed investment properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently been transacted. However, given the heterogeneous nature of real estate properties, significant adjustments are required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

15 Investment properties (continued)

Fair value measurements using significant unobservable inputs (continued)

Information about fair value measurements using significant unobservable inputs for the Group's principal investment properties

Location	Description	Fair value 2025 HK$'000	Fair value 2024 HK$'000	Valuation Techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
Hong Kong	Residential units/ retail shops	**199,900**	249,934	Direct comparison	Comparable sales price – HK$6,380 to HK$45,379 per square feet (2024: HK$6,782 to HK$46,838 per square feet)	The higher the comparable sales price, the higher the fair value
Macau	Commercial unit	**13,400**	14,000	Direct comparison	Comparable sales price – HK$8,682 to HK$10,189 per square feet (2024: HK$8,682 to HK$10,189 per square feet)	The higher the comparable sales price, the higher the fair value
		213,300	263,934			

Investment properties amounting to HK$54,000,000 (2024: HK$59,700,000) are pledged as security for the bank loans of the Group (Notes 25 and 32(d)).

16 Goodwill and other intangible assets

	Goodwill (Note (a)) *HK$'000*	**Other intangible assets (Note (b))** *HK$'000*	**Total** *HK$'000*
Year ended 31 March 2024			
Opening net book value	17,898	6,174	24,072
Amortisation *(Note 7)*	–	(1,056)	(1,056)
Closing net book value	17,898	5,118	23,016
At 31 March 2024			
Cost	17,898	21,837	39,735
Accumulated amortisation	–	(16,719)	(16,719)
Net book value	17,898	5,118	23,016
Year ended 31 March 2025			
Opening net book value	**17,898**	**5,118**	**23,016**
Amortisation *(Note 7)*	**–**	**(1,056)**	**(1,056)**
Closing net book value	**17,898**	**4,062**	**21,960**
At 31 March 2025			
Cost	**17,898**	**21,837**	**39,735**
Accumulated amortisation	**–**	**(17,775)**	**(17,775)**
Net book value	**17,898**	**4,062**	**21,960**

16 Goodwill and other intangible assets (continued)

(a) Goodwill arising from the acquisition of REC Engineering Company Limited group ("REC"), the acquisitions of O-Link Limited and Hoi Fai Lift Engineering and Services Limited are allocated to REC's CGUs identified according to operating segments.

For impairment assessment of goodwill, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections prepared based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rate in which the CGU operates.

Key assumptions used in value-in-use calculations include:

(i) gross margin ranging from 6% to 7% per annum (2024: 6% to 7%);

(ii) revenue growth rate ranging from 1% to 2% per annum (2024: 1% to 2%); and

(iii) discount rate of 11% per annum (2024: 11%).

Management determined budgeted gross margin based on past performance and the expectations for the market development.

(b) Other intangible assets relate substantially to the customer relationships held by REC. The Group has entered into agreements to deliver electrical and mechanical installation services to long-term customers, including various government departments and major players in the construction industry, and expect to continue having business with these long-term customers in the future.

17 Subsidiaries

The following is a list of the principal subsidiaries as at 31 March 2025:

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/issued share capital held by		
				Company	Subsidiaries	Group
Bellaglade Company Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Best Fortune Investment Limited	Hong Kong	HK$5,000,000	Property investment	–	100%	100%
City Hope Limited	The British Virgin Islands/Hong Kong	US$10	Property investment	–	100%	100%
First Smart Investment Limited	Hong Kong	HK$2	Financing services	–	100%	100%
Global Virtual Design and Construction Limited	Hong Kong	HK$1	Provision of Building Information Modeling and other Virtual Design & Construction Services	–	100%	100%
Grace Top Investment Limited	Hong Kong	HK$1	Property holding	–	100%	100%
Guangdong Yuean REC Mechanical and Electrical Engineering Company Limited**	Mainland China	RMB6,704,836	Engineering services	–	100%	100%
Hoi Fai Lift Engineering and Services Limited	Hong Kong	HK$300,000	Provision of lift repair and maintenance services	–	100%	100%
InnoBuild Construction Company Limited	Hong Kong	HK$500,000	Building construction and maintenance	–	100%	100%
InnoVision Architects & Engineers Limited	Hong Kong	HK$1	Architectural and engineering services	–	100%	100%
Leena Theme Painting Limited	Hong Kong	HK$1	Theme painting	–	100%	100%
Million Wealth Enterprises Limited	Hong Kong	HK$2	Property investment	–	100%	100%
O-Link Limited	Hong Kong	HK$2,000,000	Provision of welding services for pipes and fillings	–	55%	55%

** the subsidiary is registered as a Sino-foreign Equity Joint Venture under PRC law

17 Subsidiaries (continued)

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/issued share capital held by Company	Subsidiaries	Group
REC (China) Company Limited	Hong Kong	HK$13,800,000	Electrical and mechanical engineering services and investment holding	–	100%	100%
REC Building Services (Macao) Limited	Macau	MOP100,000	Provision of design, installation and maintenance services of building services	–	100%	100%
REC Engineering Company Limited	Hong Kong	HK$50,000,000	Electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services and investment holding	100%	–	100%
REC Engineering Contracting Company Limited	Hong Kong	HK$2,000,000	Electrical and mechanical engineering services	–	100%	100%
REC Green Energy Solutions Company Limited	Hong Kong	HK$1	Development of environmental protection related software and programming activities	–	100%	100%
REC Green Technologies Company Limited	Hong Kong	HK$1	Engage in energy optimisation solution and environmental protection business	–	100%	100%
Rich Asia Management Limited	Hong Kong	HK$1	Property development	–	100%	100%
Tin Sing Chemical Engineers Limited	Hong Kong	HK$1,000,000	Water treatment services	–	100%	100%
VHSoft Technologies Company Limited	Hong Kong	HK$2	Computer software development	–	100%	100%
Yau Lee Building Construction and Decoration Company Limited	Hong Kong	HK$60,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction (Macau) Company Limited	Macau	MOP1,000,000	Building construction, maintenance and fitting-out	–	100%	100%

17 Subsidiaries (continued)

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/issued share capital held by Company	Subsidiaries	Group
Yau Lee Construction (Singapore) Pte. Ltd.	Singapore	S$37,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction Company Limited	Hong Kong	HK$236,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction Management Company Limited	Hong Kong	HK$2	Project management & consultancy services	–	100%	100%
Yau Lee Curtain Wall and Steel Works Limited	Hong Kong	HK$25,000,000	Curtain wall installation	–	100%	100%
Yau Lee Development (Singapore) Pte. Ltd.	Singapore	S$50,000	Property and investment holding	–	100%	100%
Yau Lee Hotel Limited	Hong Kong	HK$2	Hotel management	–	100%	100%
Yau Lee Innovative Technology Limited	Hong Kong	HK$2	Licensing of patent	–	100%	100%
Yau Lee Investment Limited	The British Virgin Islands/Hong Kong	US$100	Investment holding	100%	–	100%
Yau Lee Wah Concrete Precast Products Company Limited	Hong Kong	HK$10,000,000	Sale of precast products	–	100%	100%
Yau Lee Wah Precast Technology (Luoyang) Company Limited	Hong Kong	HK$10,000	Investment holding	–	100%	100%
Yau Lee Wah Precast Technology (Shenzhen) Company Limited	Hong Kong	HK$10,000	Investment holding	–	100%	100%
Yau Lee Wah Precast Technology (Weifang) Company Limited	Hong Kong	HK$10,000	Investment holding	–	100%	100%
Yau Lee Wah Precast Technology (Yichang) Company Limited	Hong Kong	HK$10,000	Investment holding	–	100%	100%
Yau Lee Wah Technology Development Company Limited	Hong Kong	HK$10,000	Investment holding	–	100%	100%

17 Subsidiaries (continued)

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/issued share capital held by Company	Subsidiaries	Group
有利華建材(惠州)有限公司*	Mainland China	HK$255,000,000	Manufacturing of precast products and building materials	–	100%	100%
有利華建築產業化科技(深圳)有限公司*	Mainland China	HK$1,000,000	Sale of precast products	–	100%	100%
有利華建築產業文化(深圳)有限公司*	Mainland China	HK$10,000	Books distribution and provision of training	–	100%	100%
有利華建築預制件(深圳)有限公司*	Mainland China	HK$21,000,000	Manufacturing of precast products	–	100%	100%
全球模擬設計與建造(深圳)有限公司*	Mainland China	HK$1,000,000	Provision of Building Information Modeling and other Virtual Design & Construction Services	–	100%	100%
利盈電機電工程(上海)有限公司*	Mainland China	US$13,920,000	Engineering services	–	100%	100%
利華泰建材貿易(深圳)有限公司*	Mainland China	HK$2,100,000	Trading of building materials	–	100%	100%
盈電環保節能科技(廣州)有限公司*	Mainland China	RMB6,500,000	Trading of environmental technology products	–	100%	100%
緯衡浩建科技(深圳)有限公司*	Mainland China	HK$3,000,000	Computer software development	–	100%	100%

* the subsidiary is registered as a Wholly Owned Foreign Enterprise under PRC law

18 Associate

	2025 HK$'000	2024 HK$'000
Beginning of year	34	35
Share of loss	(1)	(1)
End of year	33	34

(a) The following are the details of the Group's associate at 31 March 2025 and 2024:

Name	Particulars of issued share capital	Place of incorporation	Interest held	
			2025	2024
EYE Lighting (Hong Kong) Limited ("Eye Lighting") *(Note (b))*	HK$1,370,000	Hong Kong	38%	38%

There are no contingent liabilities relating to the Group's interest in the associate.

(b) Eye Lighting is 38% owned by the Group and it is engaged in the trading of electric bulbs, light fittings and related products.

19 Joint arrangements

	2025 *HK$'000*	2024 *HK$'000*
Investments in joint ventures		
Beginning of year	**51,936**	77,381
Share of loss	**(6,941)**	(11,925)
Impairment loss of investment in a joint venture *(Note (c))*	**–**	(10,167)
Currency translation differences	**(518)**	(3,353)
End of year	**44,477**	51,936
Due from joint operations *(Note (f))*	**9,161**	6,590
Due from other partners of joint operations *(Note (f))*	**32,436**	12,626
Due to joint operations *(Note (f))*	**(9,624)**	(9,624)
Due to a partner of a joint operation *(Note (f))*	**(5,581)**	–

19 Joint arrangements (continued)

(a) The following is a list of the Group's joint ventures at 31 March 2025 and 2024:

Name	Particulars of registered/issued share capital	Place of incorporation	Effective interest	
			2025	2024
江蘇益建拓華智能建築科技有限公司*(Note (b))*	RMB100,000,000	Mainland China	**35%**	35%
湖北廣盛建築產業化科技有限公司*(Note (d))*	RMB100,000,000	Mainland China	**40%**	40%
河南安華建築科技有限公司 *(Note (c))*	RMB100,000,000	Mainland China	**40%**	40%
濰坊三建建材科技有限公司 *(Note (d))*	RMB100,000,000	Mainland China	**40%**	40%

These joint ventures are accounted for using the equity method. There are no contingent liabilities relating to the Group's interest in the joint ventures.

(b) 江蘇益建拓華智能建築科技有限公司(formerly known as 江蘇省第一建築安裝集團(鎮江)產業化科技有限公司) is a joint venture with a Chinese party, and is engaged in precast development and distribution. For the year ended 31 March 2022, the Chinese partner faced financial issues that created adverse effect to the normal operations of such joint venture. After considering the financial position of such joint venture and the likelihood of recovering the net investment in the joint venture, management made a full impairment of HK$35,000,000 against its carrying amount of this investment in joint venture.

(c) 河南安華建築科技有限公司 is a joint venture with a Chinese party, and is engaged in precast development and distribution. During the year ended 31 March 2024, the Chinese partner faced financial issues that created adverse effect to the normal operations of such joint venture. After considering the financial position of such joint venture and the likelihood of recovering the net investment in the joint venture, management made a full impairment of HK$10,167,000 against its carrying amount of this investment in joint venture.

(d) 湖北廣盛建築產業化科技有限公司 and 濰坊三建建材科技有限公司 are joint ventures with Chinese parties, and are engaged in precast development and distribution.

19 Joint arrangements (continued)

(e) The following is a list of the Group's principal joint operations at 31 March 2025 and 2024:

Name	Place of establishment	Principal activities	Effective interest	
			2025	2024
Hsin Chong-Yau Lee Joint Venture	Hong Kong	Building construction	50%	50%
REC-CEL Joint Venture	Hong Kong	Electrical and mechanical services	50%	50%
CEL-REC-AEL Joint Venture	Hong Kong	Electrical and mechanical services	35%	35%
REC-QTEC Joint Venture	Hong Kong	Electrical and mechanical services	60%	60%
KUM SHING-REC (1555) Joint Venture	Hong Kong	Electrical and mechanical services	40%	40%

(f) The amounts due from/(to) joint operations and other partners of joint operations of the Group were unsecured, interest free and repayable on demand.

20 Cash and bank balances

	2025 HK$'000	2024 HK$'000
Cash and bank balances	**575,563**	474,385
Time deposits	**143,083**	387,426
Restricted deposits *(Note a)*	**51,579**	43,774
	770,225	905,585

(a) Restricted deposits of HK$51,579,000 (2024: HK$43,774,000) are funds which are pledged as security for the banking facilities of the Group (Notes 25 and 32(a)).

(b) Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2025 HK$'000	2024 HK$'000
Cash and bank balances	**575,563**	474,385
Time deposits with original maturity of less than three months	**143,083**	387,426
	718,646	861,811

(c) The Group's cash and bank balances are mainly denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
Hong Kong dollars	**613,045**	736,197
Renminbi	**137,809**	150,259
Euro	**5,918**	117
Singapore dollars	**5,296**	6,429
Japanese yen	**4,872**	4,848
Macau Patacas	**2,898**	7,461
Other currencies	**387**	274
	770,225	905,585

(d) Interest rates of time deposits and restricted deposits ranged from 0.10% to 4.50% (2024: 2.50% to 5.16%) per annum.

21 Trade and other receivables

(a) Trade debtors, net

	2025 HK$'000	2024 HK$'000
Trade debtors	566,979	493,475
Retention receivables	565,191	422,808
Loss allowance	(41,930)	(47,045)
	1,090,240	869,238

The aging analysis of trade debtors, net by overdue day(s) is as follows:

	2025 HK$'000	2024 HK$'000
Current	940,279	755,851
1-30 days	72,084	42,775
31-90 days	40,972	19,189
91-180 days	12,827	22,563
Over 180 days	24,078	28,860
	149,961	113,387
	1,090,240	869,238

Trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products.

21 Trade and other receivables (continued)

(a) Trade debtors, net (continued)

Movements of provision for impairment of trade debtors are as follows:

	2025 *HK$'000*	2024 *HK$'000*
Beginning of year	47,045	46,912
Movement in loss allowance	(5,061)	4,403
Written-off of impaired receivables	–	(3,903)
Currency translation differences	(54)	(367)
End of year	41,930	47,045

The Group's trade debtors balances, net are mainly denominated in the following currencies:

	2025 *HK$'000*	2024 *HK$'000*
Hong Kong dollars	979,159	788,508
Renminbi	77,464	47,112
Macau Patacas	33,077	33,077
Singapore dollars	434	435
United States dollars	106	106
	1,090,240	869,238

(b) Prepayments, deposits and other receivables

	2025 *HK$'000*	2024 *HK$'000*
Advances to subcontractors	120,156	96,367
Prepayments and deposits	74,174	71,295
Other receivables	66,994	60,836
	261,324	228,498

The Group's prepayments, deposits and other receivables are mainly denominated in Hong Kong dollars and Renminbi. Included in advances to subcontractors are amounts of HK$44,367,000 (2024: HK$56,129,000) which carry interest ranging from 4.0% to 9.9% (2024: 4.0% to 9.9%) per annum. All other advances to subcontractors are interest free and have no fixed terms of repayment.

The Group does not hold any collateral as security for trade and other receivables.

21 Trade and other receivables (continued)

(c) Mortgage loans receivables

	2025 HK$'000	2024 HK$'000
Mortgage loans receivables	10,481	11,795
Interest receivable	13	16
	10,494	11,811
Included in:		
Non-current	9,066	10,491
Current	1,428	1,320
	10,494	11,811

Mortgage loans receivables are advances to purchasers of development properties of the Group and are secured by first mortgage on the related properties, carrying interest at rates with reference to banks' lending rates and are repayable within 10 to 25 years from the dates of inception of the loans. The balances are denominated in Hong Kong dollars. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the mortgage loans and interest receivable minus security mentioned above.

As at 31 March 2025 and 2024, none of loan and interest receivables were past due or impaired.

22 Inventories

	2025 HK$'000	2024 HK$'000
Raw materials	89,550	96,708
Finished goods	47,874	43,417
Others	6,490	5,443
	143,914	145,568

23 Contract assets and contract liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	2025	2024
	HK$'000	*HK$'000*
Contract assets related to		
Construction contracts and electrical and mechanical installation contracts	**2,107,738**	1,872,425
Contract liabilities related to		
Construction contracts and electrical and mechanical installation contracts	**444,330**	597,485
Others	**1,189**	448
	445,519	597,933

(i) Revenue recognised in relation to contract liabilities

Revenue of HK$331,215,000 (2024: HK$443,683,000) was recognised in the current reporting period relating to carried-forward contract liabilities of construction contracts and electrical and mechanical installation contracts.

Revenue of HK$1,346,060,000 (2024: HK$86,992,000) was recognised in the current reporting period relating to performance obligations satisfied or partially satisfied in previous periods.

(ii) Unsatisfied contracts related to construction contracts and electrical and mechanical installation contracts

As at 31 March 2025, the aggregate amount of the transaction price allocated to construction contracts and electrical and mechanical installation contracts that are partially or fully unsatisfied is HK$36,375,747,000 (2024: HK$21,750,509,000). The amounts expected to be recognised within 1 year is HK$9,842,644,000 (2024: HK$8,592,442,000) for construction contracts and electrical and mechanical installation contracts. The remaining amounts expected to be recognised over 1 year.

24 Completed properties held for sale

	2025 HK$'000	2024 HK$'000
Beginning of year	112,326	222,760
Additions	445,816	–
Property sold	(15,398)	(9,800)
Transfer to investment properties *(Note 15)*	–	(100,634)
Currency translation differences	(2,333)	–
End of year	540,411	112,326

25 Borrowings

	2025 HK$'000	2024 HK$'000
Non-current		
Long-term bank loans – secured	454,577	441,500
Current		
Short-term bank loans – secured *(Note (f))*	1,961,581	1,506,261
Current portion of long-term bank loans – secured	337,868	344,200
	2,299,449	1,850,461
Total borrowings	2,754,026	2,291,961

(a) The maturity of borrowings is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	2,299,449	1,850,461
After 1 year but within 2 years	99,577	107,500
After 2 years but within 5 years	355,000	334,000
	2,754,026	2,291,961

25 Borrowings (continued)

(b) The annual effective interest rates at the balance sheet date are as follows:

	2025 %	2024 %
Short-term bank loans	**4.9**	5.9
Long-term bank loans	**5.1**	5.8

(c) The carrying amounts of borrowings approximate their fair values and are denominated in Hong Kong dollars.

(d) The bank borrowings are secured by certain property, plant and equipment, investment properties, and restricted deposits of the Group (Notes 14, 15, 20 and 32).

(e) The entire non-current portion of bank borrowings is required to comply with covenants which the Group is required to comply within 12 months after the reporting period. Such covenants are terms that commonly applicable to borrowers based on the prevalent financial market practice. The Group has complied with these covenants throughout the reporting period.

There is no indication that the Group entities would have difficulties complying with the covenant within 12 months after the reporting period.

(f) Short-term bank loans included two term loans with a majority portion (approximately HK$392 million) of which falling due in next two to three years under the repayment schedule in the loan agreements. The term loans were classified as current liabilities in accordance with the requirement of relevant accounting standard set on the repayable on demand clause in a loan agreement. Taking the Group's financial position into account, the Group does not consider it probable that the banks will exercise the clause.

26 Deferred income tax

The movement of net deferred income tax assets/(liabilities) is as follows:

	2025 HK$'000	2024 HK$'000
Beginning of year	(5,291)	(5,513)
(Charged)/credited to consolidated income statement *(Note 10)*	(54,799)	95
Currency translation differences	326	127
End of year	(59,764)	(5,291)

The movement in deferred income tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same taxation jurisdiction is as follows:

	Tax losses		Intangible assets		Accelerated depreciation allowance		Property revaluation		Total	
Assets/(liabilities)	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Beginning of year	9,843	9,710	(726)	(899)	(13,053)	(12,788)	(1,355)	(1,536)	(5,291)	(5,513)
Credited/(charged) to consolidated income statement	22,633	133	175	173	(1,156)	(392)	(76,451)	181	(54,799)	95
Currency translation differences	(62)	–	–	–	388	127	–	–	326	127
End of year	32,414	9,843	(551)	(726)	(13,821)	(13,053)	(77,806)	(1,355)	(59,764)	(5,291)

26 Deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2025	2024
	HK$'000	*HK$'000*
Deferred income tax assets	**16,749**	4,908
Deferred income tax liabilities	**(76,513)**	(10,199)

At 31 March 2025, temporary differences relating to the undistributed profits of the subsidiaries in the PRC amounted to HK$244,362,000 (2024: HK$17,139,000). Deferred tax liabilities of HK$24,436,000 (2024: HK$1,714,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries in the PRC and it has been determined that it is probable that such retained profits will not be distributed in the foreseeable future.

The Group has unrecognised tax losses of approximately HK$1,450,285,000 (2024: HK$1,063,012,000) to carry forward against future taxable income.

	2025	2024
	HK$'000	*HK$'000*
With no expiry date	**1,385,041**	897,658
Expiring not later than one year	**2,091**	1,877
Expiring later than one year and not later than ten years	**63,153**	163,477
	1,450,285	1,063,012

27 Payable to suppliers and subcontractors

The aging analysis of payables to suppliers and subcontractors by overdue day(s) is as follows:

	2025 HK$'000	2024 HK$'000
Current	843,637	553,238
1-30 days	72,229	39,164
31-90 days	5,915	9,176
91-180 days	2,595	1,601
Over 180 days	5,259	2,179
	85,998	52,120
	929,635	605,358

The Group's payables to suppliers and subcontractors balances are mainly denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
Hong Kong dollars	880,051	565,572
Renminbi	39,563	38,716
Euro	9,812	–
Singapore dollars	138	139
United States dollars	–	895
Others	71	36
	929,635	605,358

28 Other payables

(a) Accruals, retention payables, deposits received and other liabilities

	2025	2024
	HK$'000	*HK$'000*
Retention payables	**404,845**	334,798
Other deposits	**18,994**	20,824
Due to non-controlling interests *(Note)*	**15,785**	15,785
Lease liabilities *(Note 14(b)(i))*	**16,743**	13,035
Others	**502,389**	310,317
	958,756	694,759

Note: The amount due to non-controlling interests of the Group was unsecured, interest free and repayable on demand.

(b) Other non-current liabilities

	2025	2024
	HK$'000	*HK$'000*
Lease liabilities *(Note 14(b)(i))*	**18,140**	9,518

29 Share capital

	Number of shares		**Amount**	
	2025	2024	**2025**	2024
			HK$'000	*HK$'000*
Ordinary shares of HK$0.2 each				
Authorised:				
At beginning and end of the year	**1,000,000,000**	1,000,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning and end of the year	**438,053,600**	438,053,600	**87,611**	87,611

30 Other reserves and retained profits

	Other reserves						
	Share premium	Capital redemption reserve	Currency translation reserve	Property revaluation reserve	Other reserve	Total	Retained profits
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2023	413,776	359	(39,325)	55,366	948	431,124	987,574
Profit for the year	–	–	–	–	–	–	67,093
Other comprehensive income:							
Currency translation differences	–	–	(46,336)	–	–	(46,336)	–
2023 final dividend	–	–	–	–	–	–	(10,951)
2024 interim dividend	–	–	–	–	–	–	(10,951)
As at 31 March 2024	413,776	359	(85,661)	55,366	948	384,788	1,032,765
As at 1 April 2024	**413,776**	**359**	**(85,661)**	**55,366**	**948**	**384,788**	**1,032,765**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(98,884)**
Other comprehensive income:							
Currency translation differences	**–**	**–**	**(8,377)**	**–**	**–**	**(8,377)**	**–**
2024 final dividend *(Note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**(10,951)**
2025 interim dividend *(Note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**(10,951)**
As at 31 March 2025	**413,776**	**359**	**(94,038)**	**55,366**	**948**	**376,411**	**911,979**

31 Notes to consolidated cash flow statement

(a) Reconciliation of operating profit to net cash from operations

	2025 HK$'000	2024 HK$'000
Cash flows from operating activities		
Operating profit	66,245	164,514
Interest income	(15,963)	(12,648)
Interest expense	77,656	45,583
Gain on disposal of other property, plant and equipment	(911)	(2,711)
Gain on lease modification	–	(9)
Fair value loss on investment properties, net	26,234	11,855
Relocation compensation gain	(468,199)	–
Amortisation of intangible assets	1,056	1,056
Depreciation	89,850	83,505
Movement in loss allowance for trade debtors	(5,061)	4,403
Write-back of provision for inventories	(43)	(20)
Loss on derivative financial liabilities	25	–
Operating (loss)/profit before working capital changes	(229,111)	295,528
Trade debtors, net	(215,717)	(171,533)
Inventories	931	749
Prepayments, deposits and other receivables	(10,093)	(4,878)
Contract assets	(235,596)	(531,894)
Completed properties held for sale	15,398	9,800
Net change in balances with joint ventures/joint operations/ other partners of joint operations	(16,800)	2,624
Payables to suppliers and subcontractors	324,480	223,940
Accruals, retention payables, deposit received and other liabilities	257,048	(188,783)
Contract liabilities	(152,291)	(77,481)
Net cash used in operations	(261,751)	(441,928)

31 Notes to consolidated cash flow statement (continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
Balance at 1 April 2023	1,366,994	18,954	1,385,948
Repayment of bank loans	(40,900)	–	(40,900)
Drawdown of bank loans	965,867	–	965,867
Accrued interest	100,831	861	101,692
Interest paid	(100,831)	(861)	(101,692)
Capital element of lease payments	–	(20,217)	(20,217)
Inception of leases *(Note (c))*	–	24,097	24,097
Lease modification	–	(220)	(220)
Currency translation differences	–	(61)	(61)
Balance at 31 March 2024	2,291,961	22,553	2,314,514
Balance at 1 April 2024	**2,291,961**	**22,553**	**2,314,514**
Repayment of bank loans	**(125,261)**	**–**	**(125,261)**
Drawdown of bank loans	**580,781**	**–**	**580,781**
Transfer from lease liabilities to loans	**6,545**	**(6,545)**	**–**
Accrued interest	**131,674**	**1,954**	**133,628**
Interest paid	**(131,674)**	**(1,954)**	**(133,628)**
Capital element of lease payments	**–**	**(21,414)**	**(21,414)**
Inception of leases *(Note (c))*	**–**	**6,708**	**6,708**
Lease modification	**–**	**33,590**	**33,590**
Currency translation differences	**–**	**(9)**	**(9)**
Balance at 31 March 2025	**2,754,026**	**34,883**	**2,788,909**

(c) Major non-cash transactions

During the year, the Group entered into lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$6,708,000 (2024: HK$24,097,000).

32 Banking facilities

As at 31 March 2025, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$5,737,481,000 (2024: HK$3,824,574,000), of which HK$3,711,358,000 (2024: HK$2,887,462,000) had been utilised. These banking facilities are secured by the following:

(a) Restricted deposits of HK$51,579,000 (2024: HK$43,774,000) (Note 20);

(b) Guarantees of HK$5,737,481,000 (2024: HK$3,824,574,000) provided by the Company;

(c) Trade receivables of certain construction contracts; and

(d) Property, plant and equipment of HK$513,974,000 (2024: HK$510,457,000) and investment properties of HK$54,000,000 (2024: HK$59,700,000) (Notes 14 and 15).

33 Commitments and contingent liabilities

The Group has the following outstanding commitments and contingent liabilities:

(a) In the normal course of its business, the Group is subject to various claims under its construction contracts. As at 31 March 2025, the Group has various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

(b) The Group has provided performance bonds amounting to approximately HK$1,190,779,000 (2024: HK$766,422,000) in favour of the Group's customers.

(c) As at 31 March 2025, the Group has capital expenditure contracted for but not yet incurred in relation to joint ventures of approximately RMB26,036,000 (2024: RMB26,036,000) and nil (2024: HK$9,000) in relation to plant and equipment.

(d) The future aggregate minimum lease rental payable under non-cancellable short-term leases is as follows:

	2025	2024
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**–**	14

34 Future minimum rental receivable

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its investment properties as follows:

	2025 *HK$'000*	2024 *HK$'000*
Within one year	5,323	3,907
One year to five years	7,739	6,259
	13,062	10,166

35 Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. In addition to those disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

Transactions with related parties

	2025 *HK$'000*	2024 *HK$'000*
Revenue from sales of goods to joint ventures	54	473
Insurance expenses paid to an associate *(Note)*	8,841	6,202

The pricing of these transactions was determined based on mutual negotiation and agreement between the Group and related parties.

Key management compensation

Key management includes Directors (Executive and Independent Non-Executive Directors) of the Group. The compensation paid or payable to key management for employee services is shown below:

	2025 *HK$'000*	2024 *HK$'000*
Salaries and fees	25,813	25,333
Discretionary bonuses	2,452	2,434
Pension costs – defined contribution scheme	1,124	1,104
Others	65	56
	29,454	28,927

Note: The transactions constituted connected transactions under Listing Rules which have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

36 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

Name	Fees	Salaries (Note (i))	Discretionary bonuses	Estimated money value of other benefits (Note (ii))	Employer's contribution to retirement benefit scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2025						
Mr. Wong Ip Kuen	–	10,530	500	38	486	11,554
Ir. Dr. Wong Tin Cheung	–	5,499	882	9	254	6,644
Dr. Wong Rosana Wai Man	–	4,964	490	9	228	5,691
Mr. Sun Chun Wai	–	3,380	580	9	156	4,125
Mr. Chan Bernard Charnwut	360	–	–	–	–	360
Mr. Wu King Cheong	360	–	–	–	–	360
Mr. Yeung Tak Bun	360	–	–	–	–	360
Dr. Yeung Tsun Man Eric	360	–	–	–	–	360
	1,440	24,373	2,452	65	1,124	29,454
For the year ended 31 March 2024						
Mr. Wong Ip Kuen	–	10,410	500	32	480	11,422
Ir. Dr. Wong Tin Cheung	–	5,409	864	8	249	6,530
Dr. Wong Rosana Wai Man	–	4,874	490	8	224	5,596
Mr. Sun Chun Wai	–	3,290	580	8	151	4,029
Mr. Chan Bernard Charnwut	360	–	–	–	–	360
Mr. Wu King Cheong	360	–	–	–	–	360
Mr. Yeung Tak Bun *(Note iii)*	270	–	–	–	–	270
Dr. Yeung Tsun Man Eric	360	–	–	–	–	360
	1,350	23,983	2,434	56	1,104	28,927

Notes:

(i) Salary paid to a director is generally an emolument paid or payable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(ii) Other benefits include insurance premium.

(iii) Mr. Yeung Tak Bun was appointed as an Independent Non-Executive Director of the Company in July 2023.

36 Benefits and interests of directors (continued)

(b) Directors' retirement benefits and termination benefits

The directors did not receive any retirement or termination benefits for the year ended 31 March 2025 (2024: Nil).

(c) Consideration provided to third parties for making available directors' services

The Company did not pay any consideration to any third party for making available directors' services for the year ended 31 March 2025 (2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of the directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year ended 31 March 2025 (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

The following connected transactions of the Group were conducted during the year under review, in respect of which the particulars were previously disclosed by way of an announcement, and is required under the Listing Rules to be disclosed in this annual report.

On 10 May 2024, an agreement was made between the Company and Asia Insurance Company Limited ("ASI") for the provision of group medical insurance service in accordance with the terms of the agreement. ASI was paid a premium of HK$4,369,000 for the service from 1 June 2024 to 31 May 2025.

On 10 May 2024, an agreement was made between REC Engineering Company Limited ("REC"), a wholly-owned subsidiary of the Company, and ASI for the provision of group medical insurance service in accordance with the terms of the agreement. ASI was paid a premium of HK$2,966,000 for the service from 1 June 2024 to 31 May 2025.

On 23 April 2024 and 27 March 2025, agreements were made between REC and ASI for the provision of life insurance service in accordance with the terms of the agreements. ASI was paid premium of HK$753,000 each for the service from 1 April 2024 to 31 March 2025 and from 1 April 2025 to 31 March 2026 respectively.

Mr. Chan Bernard Charnwut, an independent Non-Executive Director of the Company, is the controlling shareholder of Asia Financial Holdings Ltd ("ASH") and ASI is directly wholly-owned by ASH. ASI is therefore an associate of Mr. Chan Bernard Charnwut. Accordingly, the aforesaid transactions constitute connected transactions of the Company under the Listing Rules.

Save as disclosed above, there was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2025.

37 Balance sheet and reserve movement of the Company

Balance sheet of the Company

As at 31 March 2025

		2025 *HK$'000*	2024 *HK$'000*
Assets			
Non-current asset			
Subsidiaries		**571,615**	571,615
Current assets			
Cash and bank balances		**26,298**	18,595
Prepayments, deposits and other receivables		**332**	332
Due from subsidiaries		**2,307,882**	2,053,152
Prepaid income tax		**2,216**	–
		2,336,728	2,072,079
Total assets		**2,908,343**	2,643,694
Equity			
Share capital		**87,611**	87,611
Other reserves	*Note*	**414,135**	414,135
Retained profits	*Note*	**962,451**	986,682
Total equity		**1,464,197**	1,488,428
Liabilities			
Current liabilities			
Accruals and other liabilities		**2,187**	2,530
Income tax payable		**–**	1,845
Due to subsidiaries		**1,441,959**	1,150,891
Total liabilities		**1,444,146**	1,155,266
Total equity and liabilities		**2,908,343**	2,643,694

37 Balance sheet and reserve movement of the Company (continued)

Note: Reserve movement of the Company

For the year ended 31 March 2025

	Other reserves			
	Share premium *HK$'000*	**Capital redemption reserve** *HK$'000*	**Total** *HK$'000*	**Retained profits** *HK$'000*
At 1 April 2023	413,776	359	414,135	994,065
Profit attributable to equity holders of the Company	–	–	–	14,519
2023 final dividend	–	–	–	(10,951)
2024 interim dividend	–	–	–	(10,951)
At 31 March 2024	413,776	359	414,135	986,682
At 1 April 2024	**413,776**	**359**	**414,135**	**986,682**
Loss attributable to equity holders of the Company	**–**	**–**	**–**	**(2,329)**
2024 final dividend	**–**	**–**	**–**	**(10,951)**
2025 interim dividend	**–**	**–**	**–**	**(10,951)**
At 31 March 2025	**413,776**	**359**	**414,135**	**962,451**

38 Summary of other potentially material accounting policies

38.1 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

38.2 Other intangible assets

Other intangible assets represent the customer relationships acquired in a business combination, which are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at costs less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the client relationships of 20 years.

38.3 Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at the end of cash reporting period.

Changes in the fair value of the derivative instruments which do not qualify for hedge accounting are recognised immediately in the consolidated income statement within "Other income and gains, net".

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the item is more than 12 months, and as a current asset or liability when the remaining maturity of the item is less than 12 months.

38 Summary of other potentially material accounting policies (continued)

38.4 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use of sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

38.5 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

38.6 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are deducted in reporting the related expenses, when appropriate.

LIST OF INVESTMENT PROPERTIES

	Property	Location and lease term	Area	Existing use	Group's interest
1.	Rear Portion of 4th Floor, 33 & 33A Pok Fu Lam Road, Pok Fu Lam, Hong Kong	Inland Lot No. 5821 for a term of 999 years commencing on 30 June 1862	Approximate saleable area 654 sq.ft.	The property is currently leased out	100%
2.	G/F and Cockloft of No. 30 Western Street, Sai Ying Pun, Hong Kong	Inland Lot No. 625 for a term of 999 years commencing on 26 December 1860	Approximate shop saleable area 500 sq.ft. and a yard, a cockloft and a flat roof on cockloft total area 365 sq.ft.	The property is currently leased out	60%
3.	G/F and Cockloft of No. 32 Western Street, Sai Ying Pun, Hong Kong	Inland Lot No. 625 for a term of 999 years commencing on 26 December 1860	Approximate shop saleable area 462 sq.ft. and a yard, a cockloft and a flat roof on cockloft total area 309 sq.ft.	The property is currently vacant	60%
4.	Shop A on Ground Floor and Shop B on 1st Floor, L·Harbour 18, No. 18 Chi Kiang Street, Kowloon	Kowloon Inland Lot No. 9673 for a term of 75 years from 19 January 1970 renewable for 75 years	Approximate shops gross floor area of 7,352 sq.ft.	The partial property is currently leased out	100%
5.	Flat A on the 1st Floor, Tak Wai Building, No. 25 Cheong Lok Street, Yau Ma Tei, Kowloon	Kowloon Inland Lot Nos. 8688, 7960 & 8116 for a term of 150 years commencing on 25 December 1888	Approximate gross floor area 1,391 sq.ft.	The property is currently leased out	100%
6.	Em Macau, Avenida do Infante D. Henrique No 62, Centro Comercial Central A18	Held under Concessao Por Arrendamento for 10 years commencing on 1 June 2015	Approximate saleable area 1,411 sq.ft.	The property is currently leased out	100%
7.	Shops 1 to 5 on Ground Floor and 1st Floor, L·Living 23, No. 23 Pine Street and No. 87 Oak Street, Kowloon	Kowloon Inland Lot No. 11251 for a term of 50 years commencing on 8 August 2016	Approximate shops gross floor area of 10,701 sq.ft.	The partial property is currently leased out	100%

FIVE YEAR FINANCIAL SUMMARY

Consolidated results

For the year ended 31 March

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	**2025** ***HK$'000***
Revenue	6,794,756	6,732,944	6,685,961	7,811,653	**9,623,007**
Profit before income tax	163,458	85,534	67,525	86,312	**3,331**
Income tax expense	(14,167)	(19,531)	(19,553)	(20,511)	**(104,509)**
Less: loss attributable to non-controlling interests	(1,137)	(2,183)	(1,664)	(1,292)	**(2,294)**
Profit/(loss) attributable to equity holders of the Company	150,428	68,186	49,636	67,093	**(98,884)**

Consolidated assets and liabilities

As at 31 March

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	**2025** ***HK$'000***
Total assets	5,109,828	4,737,458	4,850,659	5,726,115	**6,571,231**
Total liabilities and non-controlling interests	(3,631,591)	(3,195,983)	(3,344,350)	(4,220,951)	**(5,195,230)**
Shareholders' equity	1,478,237	1,541,475	1,506,309	1,505,164	**1,376,001**

The above financial summary is extracted from the audited consolidated financial statements of the Group.