有利集團有限公司

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 406

BIM For Full Lifecycle Management

Modular Integrated Construction

Smart Construction

2025/2026

ANNUAL REPORT

This annual report is printed on environmentally friendly paper

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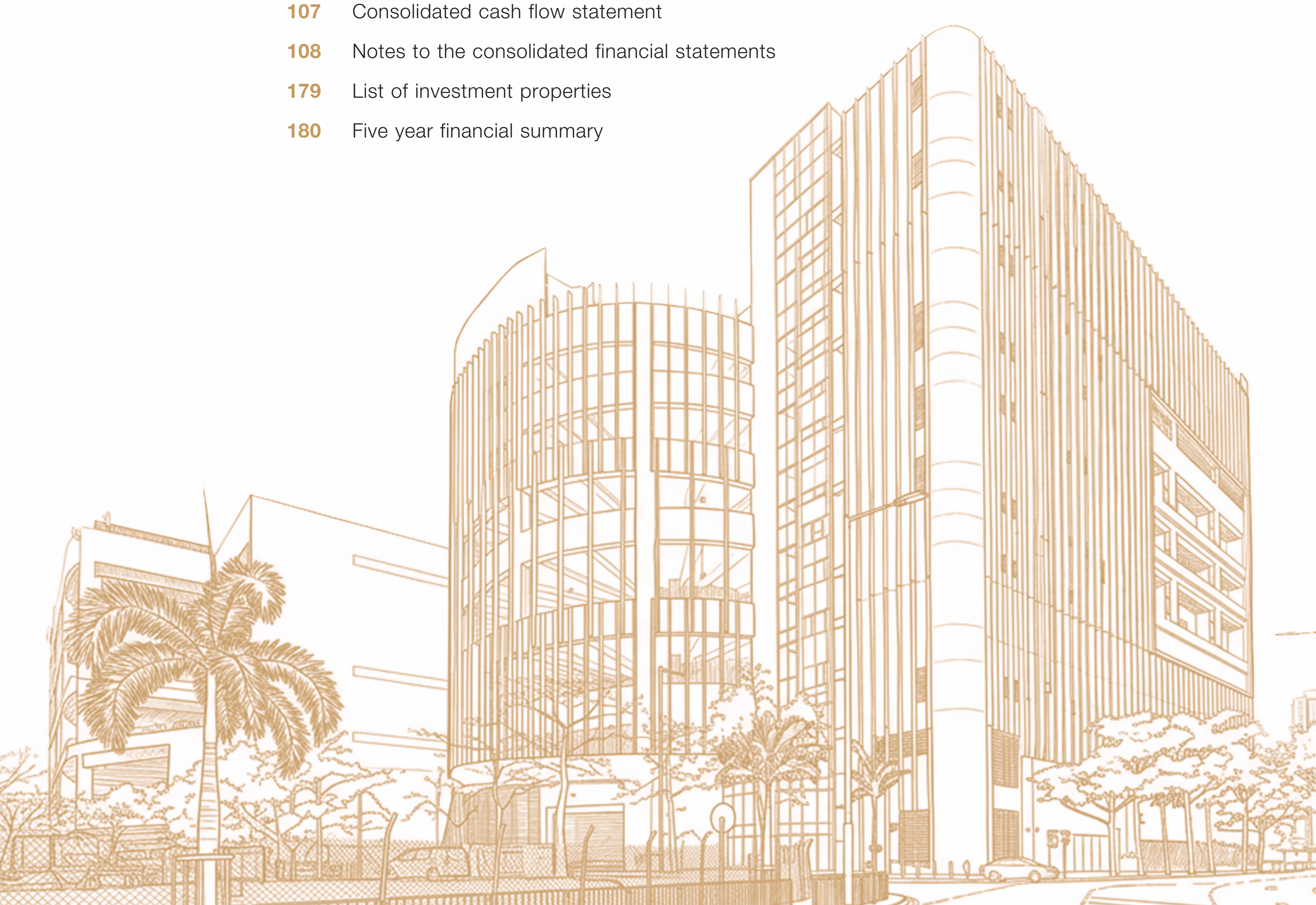

CORPORATE INFORMATION

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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2 Church Street
Hamilton HM11
Bermuda

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Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Hong Kong
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 2026 to all the shareholders.

Results for the Year

As expected last year, the Group's revenue exceeded HK$10 billion for the first time, marking the third consecutive year of record highs. Total revenue rose by 13% year on year to HK$10,922 million in this year (2025: HK$9,623 million). Consistent with the prior year, all business segments recorded growth, with a notable surge in Electrical and Mechanical ("E&M") business. Construction revenue climbed by 6%. The E&M segment delivered robust performance across both Hong Kong and Chinese Mainland, generating total revenue of HK$2,925 million, representing a significant year-on-year increase of 30%.

Furthermore, the disposal of the remaining residential units from our previous two residential developments, coupled with sales from the Longhua residential development, bolstered property investment revenue by HK$116 million. Lastly, the reopening of the Group's hotel during the year also contributed positively to the top-line growth.

The Group's consolidated gross profits increased by HK$312 million to HK$447 million (2025: HK$135 million). Notwithstanding the overall performance improvements in the construction segment, projects secured during the pandemic continue to adversely affect profitability. We will explain further the loss-making factors in the upcoming segment performance review. With respect to the E&M business, margin held steady year on year. Building materials supply margin outperformed that of last year although the overall costs increased. This was primarily attributed to non-recurring expenditures, including new factory ramp-up costs and increased research and development activities. Operational performance is expected to improve further next year.

Operating expenses rose by HK$75 million to HK$618 million (2025: HK$543 million), driven by:

- Hotel operation: The Group's hotel completed its refurbishment and reopened during the year, leading to an increase of approximately HK$23 million in property depreciation and staff costs.

- Property Sales: Sales expenses increased HK$6 million for the residential units' sales activities in Hong Kong and Longhua.

- Receivable impairment provision: Unlike the prior year, which benefited from a reversal of approximately HK$5 million, the current year recorded a new impairment provision of approximately HK$6 million in accordance with the Group's accounting policies.

- Factory Logistics: Higher transportation costs due to increased shipment volumes.

Chairman's Statement

For the reasons outlined above, the Group recorded a consolidated loss before tax of HK$209 million whereas last year we made a profit of HK$3 million. However, last year's profit included the recognition of the residential units in Longhua. Excluding this non-recurring gain, our operating performance this year is in fact better. Aside from the losses incurred by the construction segment, the hotel segment reported a small nominal net loss, inclusive of annual depreciation charges, despite posting a positive EBITDA. As the hotel reopened mid-year and generated revenue for only a few months, the profit earned was insufficient to absorb the full-year depreciation, leading to a segment loss of HK$5 million. That said, we expect the hotel to deliver a healthy profit next year, driven by current trading momentum. Lastly, the Group recognised a HK$13 million loss on the revaluation of investment properties, reflecting the prevailing softness in the commercial property market.

Following the award of three large-scale public housing projects last year, our order book was constrained by the regulatory cap on public housing building capacity. And given the intensive deployment of resources required for these projects, we did not actively bid for any large building projects during the year. Instead, the Fitting-out and renovation Division focus more on institutional clients, successfully securing a term contract from the Hospital Authority. Our E&M segment delivered exceptional performance, securing an all-time high of HK$5,408 million in new contracts. Major growth was in the environment engineering and infrastructure related sectors, aligning with our strategic focus on these high-potential markets. The Group secured a total of HK$4,759 million new contracts during the year. As of 31 March 2026, the contract on hand value remained at a robust level of HK$44,114 million (2025: HK$48,207 million).

Dividend

In the Board meeting held on 23 June 2026, the Directors resolved not to recommend a final dividend (2025: Nil). As no interim dividend was paid (2025: HK2.50 cents per share), the total dividend for the year is Nil (2025: HK2.50 cents per share).

Review of Operations

Building construction, renovation and maintenance

Benefiting from the record-high contract backlog secured last year, revenue increased from HK$7,235 million to HK$7,637 million, representing an approximate growth of 6%. This marks the third consecutive year of revenue growth. Despite this top-line performance, the segment faced a challenging year in terms of profitability.

The projects secured during the pandemic were completed within the year; however, these projects recorded losses due to various factors. Certain projects required steel usage significantly above the original estimation due to design changes by the client. On the one hand, the increased volumes entitled remeasurement payments; however, the post-pandemic decline in steel prices meant that settlements were calculated using lower fluctuation index. On the other hand, our steel procurement contracts had been locked in at higher prices, leaving us with elevated material costs that the remeasurement payments failed to fully offset – ultimately resulting in losses.

Additionally, the public housing projects secured during the pandemic involving Modular Integrated Construction ("MiC") were pilot initiatives by the client. The complexity of approval processes and site coordination was significantly higher than in conventional projects, resulting in early-stage delays. To meet the completion deadlines, substantial resources – including manpower and equipment – had to be deployed to accelerate progress, leading to a sharp increase in direct costs.

Furthermore, several subcontractors faced financial difficulties and were unable to fulfill their obligations, necessitating replacement. The resulting delays and associated costs further adversely impacted project margins.

On a positive note, the projects secured during the pandemic – which were heavily impacted by low fluctuation index adjustments and compressed margins – have now been completed, and their adverse effects on profitability are fully reflected in the current year results. Leveraging our competitive edge in MiC, projects acquired last year carry healthier margins. While the fluctuation index remained soften for most of the year, the adjustments were moderate and had been factored into our bidding strategies. Performance of these new projects aligns with budget forecasts, giving us confidence in improved profitability next year.

Constrained by statutory public housing buildable volume caps and workforce availability, we did not aggressively pursue large-scale tenders this year. Instead, the Fitting-out and Renovation Division expanded its reach to institutional clients, successfully securing a term contract from Hospital Authority and strengthening the business cooperation in the theme park sector. As of 31 March 2026, we maintained a robust contract backlog valued at HK$30,992 million.

We remain committed to driving competitiveness through relentless technological innovation. In recent years, we have been developing a transformative construction methodology designed to fundamentally disrupt traditional practices. Following the successful completion of rigorous testing this year, our factory in Huizhou has commenced trial deployment and it shall be implemented at site in coming quarter. This breakthrough directly addresses the industry's longstanding challenges of an aging workforce and acute labor shortages by simplifying on-site procedures and reducing on-site labor dependency. Optimising on-site workflow drives cost efficiency, shortens project cycles, curbs uncertainty, and bolsters site safety performance. This initiative is designed to drive higher project efficiency, thereby boosting overall profitability.

Electrical and mechanical installation

Supported by strong contract values from last year, the segment achieved record sales revenue of HK$3,791 million in this year (2025: HK$3,138 million), representing a growth of 21%. Majority growths were in the Mainland market and in the environmental engineering and infrastructure related projects, the segments that we resolutely pursued to develop over the past few years. In the Mainland market, we completed during the year the Guangzhou Hong Kong Jockey Club Horse Sports Training Ground renovation project which attributed considerable revenue.

As to the environmental engineering and infrastructure projects, the large amounts of contracts on hand led to a rise in sales revenue. In view of the substantial contract values and specialised technologies, we strategically collaborate with key technical partners, including major state-owned enterprises to mitigate risks. Some of these partners have worked with us on multiple occasions, and a lot of trust were built. Indeed, we were invited to join them on their major Belt and Road developments. While Hong Kong and Chinese Mainland remain our primary markets, our established partnerships with leading strategic partners position us to capture significant growth potential in Belt and Road markets moving forward.

Besides, businesses from energy enhancement solutions continue to rise steadily. As part of the strategy to expand the green businesses, we are infusing advanced AI and IoT technologies across our entire solution portfolio as well as new development, significantly elevating both efficacy and impact. In response to emerging industry-wide challenges, we developed AI-IoT scaffolding Safety System and AI-IoT Fire Detection System to minimise exposure to such contingencies and safeguard operational continuity. AI is fundamentally reshaping the E&M industry. It empowers our engineers to push the frontiers of innovation, generating new revenue streams and operational efficiencies. Moving forward, we will harness our advanced engineering expertise-integrating cutting-edge technologies such as AI and IoT – to deliver sustainable growth and enhanced profitability.

Again, the segment achieved a record value of new orders totaling HK$5,408 million in the year (2025: HK$3,537 million), up 53% year on year. Major growth was in the environment engineering and infrastructure related sectors, which accounted for nearly one third of the new orders secured. This lifted our order book to all time high of HK$17,146 million (2025: HK$14,548 million), up 18% as compared to last year, providing a strong foundation for continued growth for coming years.

Regarding our strategic expansion, the segment would delve deeper into the smart manufacturing equipment procurement. The ongoing convergence with Mainland technical standards represents a pivotal industry trend, highlighting significant latent demand within the sector. Our capabilities in this area have already been validated by a procurement contract of around RMB161 million secured after the year-end. Leveraging our decades of engineering expertise and extensive mainland network, we are well-positioned to introduce premium equipment and solutions to the Hong Kong market.

Building materials supply

Segment revenue held steady at HK$1,307 million, largely in line with the prior year (2025: HK$1,320 million).

To meet the existing contracts, the factory is required to produce over 70,000 MiC units, exceeding the capacity of our factory in Huizhou. We therefore commissioned a new facility in Dongguan to address the current surge in demands and underpin our long-term expansion strategy. We have successfully ramped up the new facility within a short period of time, and product deliveries to the sites are now underway.

As a leading force in the prefabrication manufacturing industry, we are dedicated to advancing and developing new technologies. As mentioned earlier in this report, we have been developing a transformative construction methodology design. As always, the factory serves as a robust research hub for all our new technologies. Built on years of manufacturing excellence in prefabrication, we have successfully developed and launched this technology through continuous trial and refinement. We expect these new products to drive incremental earnings as they are deployed across upcoming projects.

While the two major undertakings this year – establishing a new factory and developing new technologies – will deliver substantial long-term benefits to the company, the extra costs incurred affected this year's earnings in the short term. Despite robust top-line performance, the segment generated only compressed profit contributions.

With the Development Bureau driving the widespread adoption of MiC, the government has rolled out new measures to bolster the sector. These include plans for 26.91 million sq. ft. of MiC floor area to be completed within five years and the launch of the Modular Integrated Construction Manufacturer Accreditation Scheme aiming to regulate and assure the quality, reliability, and supply chain of off-site manufactured MiC modules. Leveraging our industry-leading MiC expertise, Yau Lee Wah has successfully secured the MiC Supplier Certification, proudly becoming the inaugural certified supplier under this new regulatory framework.

While market sentiment remains positive, the landscape is not without its challenges. The Housing Department launched its first centralised MiC procurement tender which brought challenges to the industry. Under this arrangement, an increasing number of Mainland prefabrication manufacturers will enter the market, leading to fiercer competition. We will continue to optimise the operational efficiency and drive ongoing technological innovation to stay competitive.

Hotel operation and property investment and development

Throughout 2025, Hong Kong's hospitality and tourism industries sustained their post-pandemic recovery, underpinned by a renewed upturn in visitor demands. The number of visitor arrivals in Hong Kong reached approximately 50 million in 2025, representing a notable increase of 12% compared with 2024. Hong Kong showcased its resilience in attracting leisure and business travelers, adjusting to evolving market dynamics, and capitalising on Meetings, Incentives, Conventions and Exhibitions (MICE) demand. We are pleased that the Group's hotel completed its renovation and opened at this opportune time.

The hotel is now operated under the brand Motto by Hilton Hong Kong SoHo – the first of its kind in Greater China and the Asia Pacific region – offering a unique, flexible, and innovative hospitality experience. Since opening, the hotel has been performing satisfactorily. The occupancy rate continued to climb and reached over 90% before the end of the financial year. The average room rate achieved after the initial ramp-up period has surpassed the hotel's record level set in 2018, when Hong Kong's hospitality industry was also at its peak. Moreover, gross room revenue in last four months outpaced the previous record set in the comparable period, notwithstanding that average occupancy rates remained below those benchmark figures. We believe that the hotel's business has significant potential for further growth as Hong Kong's tourism sector continues to recover.

Undoubtedly, the boom in tourism also brings challenges, among which, the biggest is the availability of manpower. And as a newly opened hotel, we also have operational aspects that still require fine-tuning. While we work to grow our topline, we would focus also on operational efficiency which is essential for delivering a sustainable return.

Regarding the residential units we held for sales in Shenzhen Longhua, sales were modest. Given the negligible carrying cost, we will maintain our current position while monitoring market dynamics to identify the optimal window for executing a targeted sales strategy. Chinese Mainland has introduced a series of policies to stabilise the real estate market. Since the April meeting of the Political Bureau of the CPC Central Committee, policy support has intensified notably. For instance, Shenzhen has implemented calibrated easing of home purchase restrictions in its core districts. These measures are beginning to yield positive result: housing prices have shown signs of recovery in Beijing and Shanghai, and in recent months, Shenzhen has even seen a few new developments selling out on their launch day. As market sentiment improves, we believe sales will pick up. We will closely monitor market conditions and formulate appropriate strategies to boost sales.

Outlook

Hong Kong's economy grew by 5.9% year-on-year in the first quarter of 2026. Capital investment accelerated sharply to 17.7%, marking the fastest expansion since the third quarter of 2023. This robust growth was underpinned by the accelerated rollout of major infrastructure projects, notably the Northern Metropolis and the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, alongside a 39.3% year-on-year increase in public sector building and construction investment, which provided solid support for overall investment expansion. Furthermore, the 2026-27 Budget reaffirmed the Government's target to deliver approximately 196,000 public housing units over the next five years when accounting for Light Public Housing. This represents an increase of over 80% compared to the five-year period since the current-term Government took office.

Public works represent the cornerstone of our business pipeline, underpinned by clear market opportunities. As a leading engineering firm deeply rooted in the local market for decades, we are fully committed to capitalising on this golden window of opportunity.

This year, however, several industry incidents brought long-standing systemic issues to the forefront, prompting a tightening of the regulatory environment. Rising regulatory pressures, coupled with persistent labor and subcontractor constraints, have rendered the operating environment increasingly challenging. The industry is poised for significant transformation. For companies that embrace continuous self-reinvention and uphold an innovative mindset, such as us, this disruption presents a profound opportunity. We will continue to advance innovative technologies to drive efficiency and sustain our competitive edge to achieve business growth.

Amid heightened global geopolitical and economic uncertainties, the Group will prudently expand its business portfolio and market reach, extending into areas such as facilities and equipment procurement, green energy solutions, and the Greater Bay Area market. We would diversify revenue streams in a prudent manner.

The hotel has delivered robust performance since the re-opening, generating a positive impact on the Group's profitability and cash flow. We maintain a constructive outlook on Hong Kong's hospitality sector as it enters 2026 with renewed momentum. Visitor arrivals reached 14.3 million in the first quarter, representing 17% year-on-year growth. This recovery trajectory was further validated during the Labour Day "Golden Week", when over 1.01 million Chinese Mainland visitors arrived – exceeding the government's forecast of 980,000. Policy support remains robust. The Hong Kong Tourism Board has unveiled its Tourism Revival Blueprint 2026, allocating HK$1.66 billion (US$212 million) to attract high-value travelers, reactivate the meetings and events pipeline, and diversify offerings through cruise, sports, and district-based tourism. These initiatives are expected to extend demand beyond traditional peak seasons. From a supply-demand perspective, the market remains highly favorable. With new supply concentrated at the luxury segment and coupled with the ongoing conversion of budget and mid-scale hotels into student and workforce housing, market-wide room availability is poised to tighten considerably. This structural scarcity supports strong occupancy performance and pricing leverage, placing our hotel in an excellent position to capture upside and deliver robust profit and cash flow contributions to the Group.

As we look ahead, we remain optimistic about the future of our Group. We will continue to embed innovation and sustainability at the core of our operations. It is this relentless aspiration for excellence that fortifies our resilience against the uncertain economic, political, and social landscape.

We faced a uniquely challenging year. I am grateful for our team's tireless commitment to overcoming every challenge. Special thanks also to our shareholders for your unwavering support and trust over the years.

Wong Ip Kuen
Chairman

Hong Kong, 23 June 2026

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 2026, the Group's total cash and bank balances was HK$1,129 million (2025: HK$770 million) and total borrowings increased to HK$3,209 million (2025: HK$2,754 million). The increase in borrowings was primarily due to financing of some large construction and electrical and mechanical projects which were in peak stage of works with higher needs in working capital. The current ratio (total current assets: total current liabilities) as at 31 March 2026 was 1.1 (2025: 1.1). Total current liabilities included a term loan from bank which will be due in next two to three years. The term loan was classified as current liabilities pursuant to specific criteria under the relevant accounting standard, the current ratio was so lowered by 0.1. If taking this term loan into account, the amount of bank loans fall due beyond one year would be HK$890 million (2025: HK$847 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 2026, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$5,020 million (2025: HK$5,737 million), of which HK$4,207 million (2025: HK$3,711 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 2026, the Group had approximately 4,500 (2025: 4,500) employees. There are approximately 3,700 (2025: 3,600) employees in Hong Kong and Macau and 800 (2025: 900) in Chinese Mainland. 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 2026

Contract value

	31 March 2025 *HK$'million*	Contracts Secured *HK$'million*	Contracts Completed *HK$'million*	**31 March 2026** ***HK$'million***
Building construction, renovation and maintenance	36,976	1,001	(6,985)	**30,992**
Electrical and mechanical installation	14,548	5,408	(2,810)	**17,146**
Building materials supply	6,177	98	(1,001)	**5,274**
Others	22	26	(20)	**28**
Less: Inter-segment contracts	(9,516)	(1,774)	1,964	**(9,326)**
	48,207	4,759	(8,852)	**44,114**

Building construction, renovation and maintenance segment

Contracts completed during the year ended 31 March 2026

Contracts

Design and Construction of Chai Wan Government Complex and Vehicle Depot

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 Tung Chung Area 99, Tung Chung

Summary of Contracts

Building construction, renovation and maintenance segment (continued)

Contracts secured in prior years and in progress during the year ended 31 March 2026

Contracts

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

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 in current year

Contract

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

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

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: Kowloon and New Territories)

Occupational Safety & Health Council Sai Wan Training Construction Works

Electrical and mechanical installation segment

Contracts completed during the year ended 31 March 2026

Contracts

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

Contracts secured in prior years and in progress during the year ended 31 March 2026

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*

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)

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)

* 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 Fanling Area 48*

Hospital Authority Term Contract for Minor Works 2025 – Building Services Installation at Kowloon West Cluster*

Plumbing & Drainage Installation for Construction of Public Housing Development at Fanling Area 48*

Electrical Term Maintenance Contract (WTT Region) 2025/2028 for Housing Authority Estates, Areas and Buildings

Electrical Term Maintenance Contract (HKI Region) 2025/2028 for Housing Authority Estates, Areas and Buildings

Fire Services and Water Pump Installation for Construction of Public Housing Development at Fanling Area 48*

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)

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 (40% effective interest by the Group)

Contracts secured by joint operations in current year

Contracts

Hung Shui Kiu Effluent Polishing Plant Phase 1 – E&M Works and Biological Treatment Building (50% effective interest by the Group)

Extension of Ngau Tam Mei Water Treatment Works and Associated Improvement Works of Existing Treatment Stream (35% effective interest by the Group)

* Inter-Segment Contracts

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Wong Ip Kuen, BBS

aged 90, 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 62, 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 and the Member of the Green Technology and Finance Development Committee. 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, the Member of the Trade and Industry Advisory Board 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 (HKMiCMA) 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 59, 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 "Artificial Intelligence+", construction digitalization, blockchain full lifecycle management, intelligent automation, agentic AI, Retrieval-Augmented Generation (RAG) and Large Language Models (LLMs).

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, Networks & Computing Systems, 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 optimization 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 Sub-committee on Access of the Rehabilitation Advisory Committee of the Government of the HKSAR, Honorary Advisor of the Hong Kong PropTech Association, Council Member of The Better Hong Kong Foundation, Director and Fundraising Committee Chair of The Zonta Club 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.

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 65, 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 Chinese Mainland. 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 Chinese Mainland.

Independent non-executive directors

Mr. Chan Bernard Charnwut

aged 61, 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 the Board of West Kowloon Cultural District Authority, 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, CLP 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 74, 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 60, 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 80, 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 Chinese Mainland, 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 72, 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). Mr. Au has over 50 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 64, 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 in January 2018 and is now responsible for the overall operation of the company in Hong Kong, China and Macau. Reporting directly to 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 and MiMEP implementation leading to 2 Outstanding MiMEP Awards by CIC in Project Design and Completed Project.

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. In Oct 2025, he was admitted as a VTC Honorary Fellow. In March 2026, he was admitted as a Professor-Level Senior Engineer by Guangdong Ministry of Human Resources and Social Security.

He is a Fellow Member of the Hong Kong Institution of Engineers, a Chartered Engineer of Engineering Council UK, a Member of the Institution of Engineering and Technology, and a Member of the Engineers Europe. In addition, he is also a Registered Professional Engineer, a BEAM Professional, CIC-Certified BIM Manager and a 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, Council Member of the HKMiCMA. He also serves various panels as a member including: THEi Professional Diploma in BS Programme, VTC Higher Education Advisory Committee, VTC Electrical and Mechanical Services Training Board, VTC Engineering Discipline Advisory Board, HKGBC Retro-fitting Expert Group, Engineering Registration Board, Labour Importation Scheme for the Construction Sector Consultative Committee of the DevB, Drinking Water Safety Advisory Committee, Building Energy Efficiency Displinary Board under Cap 610B, HKMU Construction Engineering Programme Advisory Peer Group, CIC Mainland Affairs Committee, CIC Task Force on BIM Development, CIC BIM Assessment Panel, CIC CITF Vetting Sub-committee, CIC Technical Advisory Panel in Master Class of MiMEP Project Manager, and MiMEP RMAA, HKIE Eng BIM Assessment Panel, CIC Construction Workers Registration Board.

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 CIC 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 60, 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 69, 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 47, 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 and MiC technologies 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 62, 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 2026.

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 10 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 39 to 95 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 102.

In the Board meeting held on 23 June 2026, the Directors did not recommend the declaration of final dividend for the year ended 31 March 2026 (2025: Nil).

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

The register of members of the Company will be closed from 12 August 2026 (Wednesday) to 17 August 2026 (Monday) (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 17 August 2026 (Monday).

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 11 August 2026 (Tuesday).

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK$313,000 (2025: HK$559,000).

Principal properties

Details of the principal properties held for investment purposes are set out on page 179 of this annual report.

Distributable reserves

At 31 March 2026, the reserves of the Company available for distribution, calculated under the Companies Act 1981 of Bermuda, amounted to approximately HK$960,947,000 (2025: HK$962,451,000).

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 180 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 2026.

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"), Mr. Wong Ip Kuen, Mr. Yeung Tak Bun and Dr. Yeung Tsun Man Eric 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 2026, 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	10%
–	the largest supplier	3%

Sales

–	five largest customers	73%
–	the largest customer	58%

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 14 May 2025, 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$5,471,000 for the service from 1 June 2025 to 31 May 2026.

On 14 May 2025, 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$3,527,000 for the service from 1 June 2025 to 31 May 2026.

On 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 for the service from 1 April 2025 to 31 March 2026.

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 2026.

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 27 to 38.

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, 23 June 2026

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 15 to 20 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	4/4	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	0/1
Dr. Yeung Tsun Man Eric	4/4	2/2	1/1	1/1	1/1	0/1

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 2026, the Group had a total workforce (including senior management) of approximately 4,500 employees, of which 76% are males, and 24% 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 2026, 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 28.

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 2026 and the record of attendance of the members is listed on page 28. 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 2026 and the record of attendance of the members is listed on page 28. 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 "Procedure 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 2026 and the record of attendance of the members is listed on page 28. 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 2026, PricewaterhouseCoopers provided the following services to the Group:

	2026	2025
	HK$'000	*HK$'000*
Audit services	**4,880**	4,940
Non-audit services	**588**	518
	5,468	5,458

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 2026, 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 96 to 101 of this annual report.

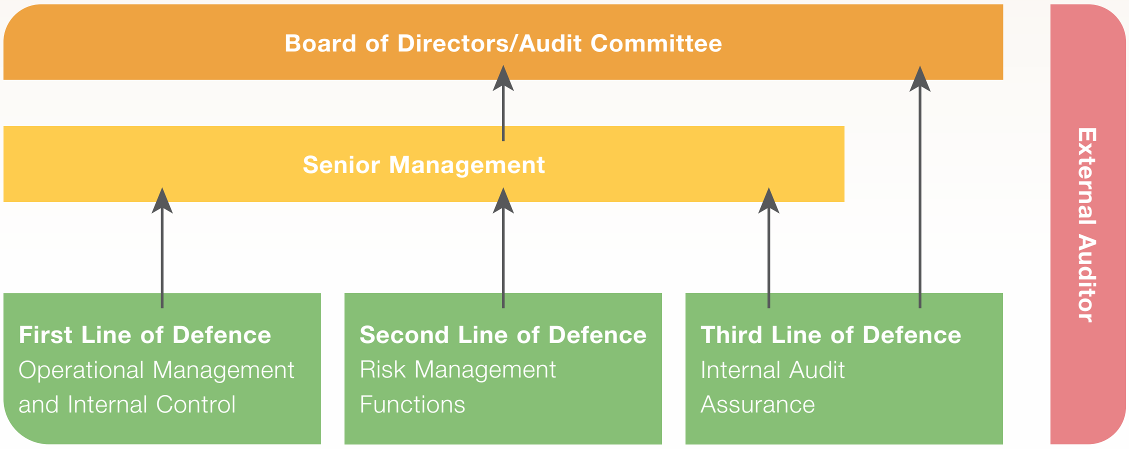
Risk management and internal control

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 2026. 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 2026.

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 2026 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 2026.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

Reporting Purpose, Scope and Period

This Report (the "**Report**") presents the Group's Environmental, Social and Governance ("**ESG**") management approach, covering its strategies, policies, initiatives and performance during the financial year from 1 April 2025 to 31 March 2026 (the "**Reporting Period**" or "**FY2025/26**"). Unless otherwise stated, the Report covers the Group's principal business segments, including construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations, which together accounted for approximately 99.98% of the Group's total revenue during the Reporting Period. The reporting scope was determined based on the materiality of each segment to Group's business operations and its ESG impacts.

Reporting Standards and Principles

The Report has been prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Code (the "**ESG Reporting Code**") set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEX**"). In preparing this Report, the Group has applied the following reporting principles as stipulated in the ESG Reporting Code:

Reporting Principle	The Group's Response
Materiality	Material ESG issues are identified and prioritised through stakeholder engagement and materiality assessment. Further details are provided in the sections headed "Stakeholder Engagement" and "Materiality Assessment".
Quantitative	Environmental and social key performance indicators ("**KPIs**") are presented quantitatively, with narrative explanations of their significance, methodology and context. Comparative figures are disclosed where applicable to facilitate year-on-year performance review.
Balance	The Report provides a balanced account of the Group's performance, presenting both achievements and challenges to support stakeholders' understanding of its progress.
Consistency	Unless otherwise stated, the reporting scope and methodologies remain consistent with the previous year. Comparative data is presented where applicable, and any changes to the reporting scope or methodologies are explained in this Report.

Access to the Report

This Report, published in both English and Chinese, forms part of the Group's annual report and is available on the websites of the Group and HKEX. In the event of any discrepancy between the two versions, the English version shall prevail.

Your Feedback

We welcome feedback on our ESG performance and reporting as we continue to advance our sustainability practices and disclosure quality. Please share your comments with us via email at info@yaulee.com.

Highlights of the Year

Building Excellence

80%+ of public housing under construction on hand adopted **MiC**[1]

Mobile Welding Robot received the **Impact Driver Award** at the Construction Robot Practical Competition 2025, advancing **construction automation and site safety**

Blockchain-enabled BEANiE multifunctional platform and **Command Theatre** enhanced site safety, digital monitoring, prefabricated component **quality control**, project transparency and **operational efficiency**

Operational Decarbonisation

Recognised with the **ESG Award at 2025 Hong Kong ESG Awards**

Total GHG emissions (Scope 1 and 2) intensity **YoY ↓ 17%**

Total Energy Consumption Intensity **YoY ↓ 14%**

Awarded the **Excellent Award – Resource Recycling Innovation and Technology**

Completed the first IPCC[2]**-based climate scenario analysis** and **climate-related risk and opportunity assessment** to strengthen climate resilience

People Empowerment

27,300+

Total training hours

100%

of our workers from construction and hotel operations received training

Obtained **Good Employee Commendation Certificate** under Good Employee Recognition Campaign 2025 (Team)

Cloud-based BEANiE Smart Site Safety System enhanced monitoring of high-risk construction activities and **site safety**

Community Care

HK$313,000

donated to charitable causes

8 community initiatives delivered across social innovation, youth empowerment and support for vulnerable groups

100+ families supported through the "Mothers' Group 2025 Performance Improvement Awards" sponsorship

1 Modular Integrated Construction.

2 The Intergovernmental Panel on Climate Change ("**IPCC**").

Major Awards and Recognitions

Smart City Development and Product Excellence

APIGBA System Award 2025 - LMX Administration and Control Building – Gold

- Asia Pacific Intelligent Green Building Alliance ("**APIGBA**")

HKIE Structural Excellence Award 2025 – Commendation Merit Award – Hong Kong Non-Residential Project

- The Hong Kong Institution of Engineers ("**HKIE**") Structural Division

Construction Industry Safety Award Scheme 2024/2025 – Gold Prize in the Building Sites (Public Sector)

- Labour Department
- Other key stakeholders

UNSDG Achievement Awards Hong Kong 2025 – Recognised Project (BSF IoT Smart Box)

- Green Council

Sustainability Leadership

Hong Kong Green and Sustainable Finance Awards 2025 – Notable Contribution Award for Green and Sustainable Loan Issuer (Construction Industry) - Visionary Sustainability-linked Loan Performance Metrics

- Hong Kong Quality Assurance Agency ("**HKQAA**")

ArchSD Annual Award 2024 – Special Award – (Social Integration)

- Architectural Services Department ("**ArchSD**")

UNSDG Achievement Awards Hong Kong 2025 – SDG Leaders

- Green Council

Hong Kong Green and Sustainability Contribution Awards 2025 – Outstanding Award for Excellent Contribution to Livable City Construction (Main Contractor) - Promote High-productivity Construction Adoption

- HKQAA

Climate Resilience and Decarbonisation

BOCHK Corporate Low-Carbon Environmental Leadership Awards 2024 – Certificate of Low-Carbon Commitment

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

Energy Saving Charter 2025

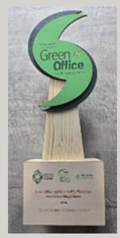
- Environment and Ecology Bureau (“**EEB**”)
- Electrical and Mechanical Services Department (“**EMSD**”)

4T Charter 2025

- EEB
- EMSD

Green Office Awards Labelling Scheme (GOALS) – “Green office”

- World Green Organisation



Health, Safety and Well-being

25th Construction Safety Award Certificate of Attainment – Best Refurbishment and Maintenance Contractor in Occupational Safety and Health

- Occupational Safety and Health Council
- Labour Department

Gold Prize in Outstanding Performance in Work-at-Height Safety Award

- Labour Department
- Other key stakeholders

Gold Prize in Lifting Operation Safety Innovation Award

- Labour Department
- Other key stakeholders

Harmony@Workplace Organisation 2025-26

- Occupational Safety and Health Council

Our Approach to Sustainability

Anchored in our vision of "***We Build, We Serve, We Create***" and our commitment to becoming an innovative green corporation, our sustainability strategy sets out four core pillars with defined goals and targets. Approved by the Board of Directors (the "**Board**"), the strategy is supported by our Corporate Social Responsibility ("**CSR**") Policy and provides a clear framework for advancing sustainability and creating long-term value for our stakeholders.

Building Excellence

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

Operational Decarbonisation

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 "Operational Decarbonisation" for our green targets.

Community Care

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

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

Sustainability Governance and Board's Oversight

The Board, as the Group's highest governance body, holds the overall responsibility for the Group's ESG strategy, reporting and oversight of ESG-related issues, including but not limited to climate-related topics, risks and opportunities, as well as environmental and social risks within the supply chain. Under the Board's delegation, management is responsible for implementing the Group's ESG management approach and strategy, coordinating ESG-related planning and initiatives, as well as monitoring progress against ESG-related goals and targets. Management also assists the Board in reviewing and overseeing key ESG-related issues. This governance structure supports the Group's long-term development and strategic positioning.

Further details on the Board's and management's climate-related governance are set out in the section headed "Climate Resilience".

The Board

- Steer the overall responsibility for ESG strategy, reporting and sustainability approach
- Oversee the management of ESG and climate-related issues, risks and opportunities
- Review sustainability performance

Management

- Monitor, review and report on ESG performance and progress against goals and targets
- Identify, prioritise and manage ESG and climate-related risks and opportunities and implement control measures
- Establish policies, procedures and targets
- Arrange professional ESG training for directors and management
- Facilitate frontline feedback to supervisors and management for continuous improvement

Supervisors

- Support frontline implementation of 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 and Opportunity Management

The Board has ultimate accountability for overseeing the ESG risks and opportunities within the Group. ESG considerations are incorporated into the Group's annual enterprise risk and opportunity assessment to strengthen mitigation and response measures. During the Reporting Period, we continued to enhance our ESG risk and opportunity assessment to better shape our mitigation and response strategies. The following outlines the Group's approach to assessing ESG risks and opportunities.

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

We engage regularly with our stakeholders to better understand their sustainability-related priorities and expectations. These insights help inform our sustainability approach and support the ongoing enhancement of our ESG performance.

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
Investors	• 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
Non-governmental Organizations ("NGO") 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

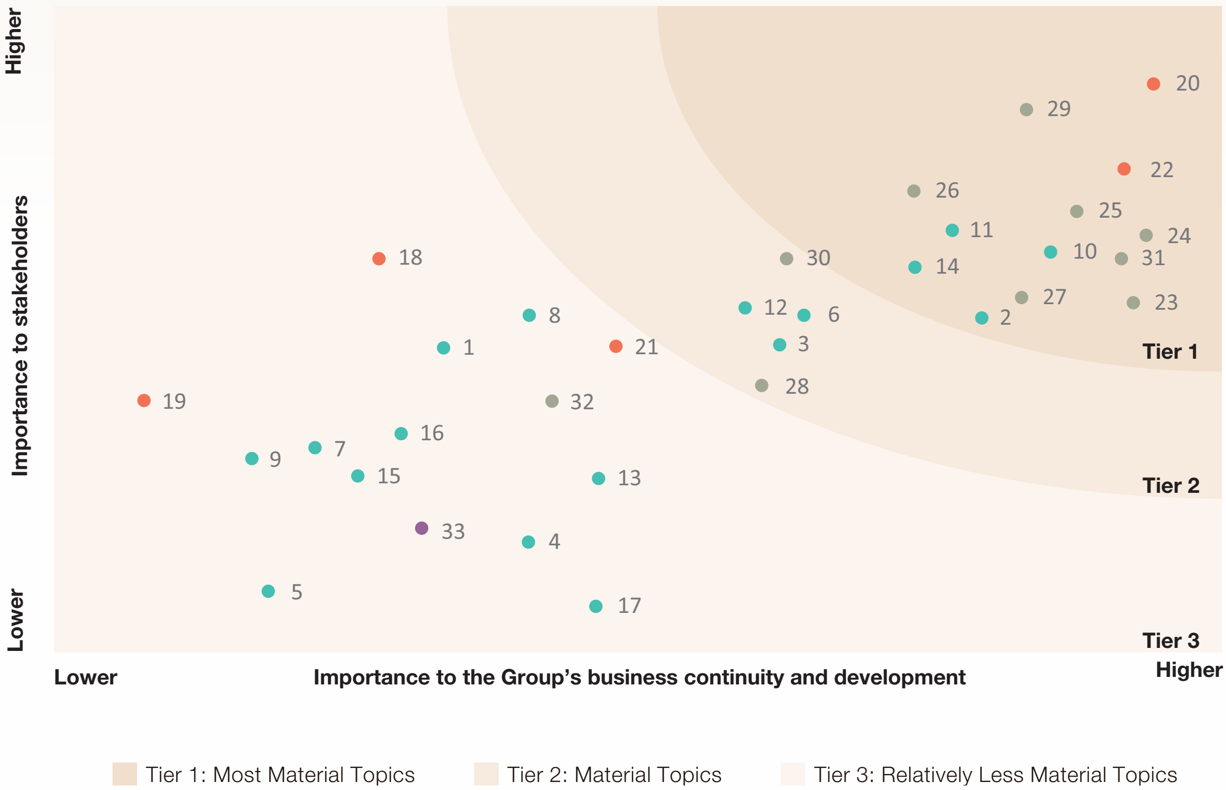
During the Reporting Period, we engaged an independent sustainability consultant to conduct an in-depth materiality assessment to identify the ESG issues most relevant and important to our stakeholders and the Group's business continuity and development. The assessment results are reviewed regularly by management and the Board. Our materiality assessment process is set out below:

Step 1: Identification	Step 2: Prioritisation	Step 3: Validation
Identified 33 relevant ESG issues with reference to the HKEX ESG Reporting Code, industry trends and stakeholder feedback	Invited internal and external stakeholders to assess the importance of each ESG issue through an online questionnaire, with results presented in a materiality matrix	Consolidated the prioritised material ESG issues and submitted the results to the Board for discussion and approval

Environmental, Social and Governance Report

The materiality matrix below presents the prioritisation of 33 ESG issues according to their importance to the Group's business continuity and development and stakeholders. 13 ESG topics were identified as the most material during the Reporting Period and are presented in Tier 1 of the matrix. Relevant disclosures on these topics have been provided in the subsequent sections of this Report.

Materiality Matrix



Operational Decarbonisation	Building Excellence
1. Decarbonisation 2. Energy efficiency 3. Waste management 4. Water efficiency 5. Ecological impacts and biodiversity 6. Air emissions 7. Land use, pollution and restoration 8. Wastewater management 9. Climate resilience and management 10. Technology and innovation 11. Building material efficiency 12. Green building 13. Project lifecycle management 14. Environment compliance 15. Green procurement 16. Environmental risk in supply chain 17. Green and sustainable finance	23. Ethically responsible sourcing 24. Customer health and safety 25. Customer service 26. Cybersecurity, privacy and data security 27. Customer satisfaction 28. Intellectual property 29. Safety of services and products 30. Quality of services and products 31. Business ethics 32. Contingency planning

People Empowerment	Community Care
18. Staff welfare 19. Equality, diversity and inclusion 20. Occupational health and safety 21. Staff development and training 22. Employment compliance	33. Community investment and engagement

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)
• Ethically responsible sourcing • Customer health and safety • Customer service • Cybersecurity, privacy and data security • Customer satisfaction • Safety of services and products • Business ethics

The built environment is evolving in response to rising expectations for quality, safety, resilience and sustainability. Digital technologies, Building Information Modelling ("**BIM**"), artificial intelligence ("**AI**") and robotics are increasingly redefining how products and services are designed, delivered and operated. Leveraging its integrated capabilities across the building lifecycle, the Group continues to advance product and service excellence through innovation, collaboration and continuous improvement. In particular, the Group applies its patented prefabrication and MiC technologies, together with BEANiE, Hong Kong's first BIM-enabled blockchain multifunctional platform, to support just-in-time and lean construction. These innovative and digitalised solutions support more efficient project delivery, better quality control and safer site operations, while contributing to the development of a smarter, more sustainable built environment. Robust policies and procedures have been implemented to govern health and safety, and privacy matters relating to products and services provided, and methods of redress[3].

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

Innovation, Technology and Quality

The Group embeds innovation, technology and quality management into the way it delivers projects and services. Through advanced construction methods, AI-enabled robotics and digital solutions, the Group strengthens planning, coordination, quality assurance and site safety across the project lifecycle. Underpinned by robust internal controls and recognised quality accreditations, these initiatives support the delivery of reliable, efficient and sustainable outcomes that respond to evolving client needs.

[3] Due to our business nature, advertising and product labelling are not relevant to our business.

The Group's core subsidiaries hold ISO 9001 Quality Management System certification and proactively seek industry-specific accreditations, including the ISO 19650-1:2018 International BIM Management System Standard, underscoring the Group's capability to manage information systematically and effectively throughout the entire project lifecycle. As an integral component of our quality assurance framework, the Group has established comprehensive product quality-related policies and measures — encompassing inspection protocols and structured checklists — to ensure the consistent delivery of product excellence across all operations.

Technology Advancement

The Group's construction business proactively integrates a suite of pioneering technologies into its operations, including BIM, MiC, IoT applications and BEANiE, to systematically strengthen productivity, buildability, quality and safety performance across all project deliverables. In a similar vein, the Group's E&M business remains steadfastly committed to developing and tailoring innovative, smart solutions for its clients, continuously advancing its digital and technological capabilities to maximise positive contributions across economic, environmental and social dimensions.

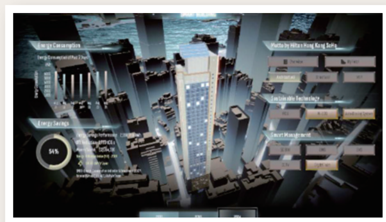
Self-Innovated "Mobile Welding Robot" Wins Impact Driver Award at Construction Robotics Competition

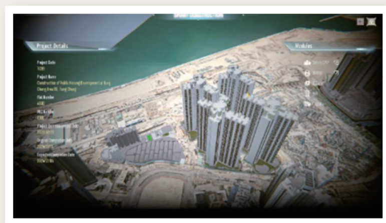
During the Reporting Period, the Group participated in the Construction Robot Practical Competition organised by the Construction Industry Council ("**CIC**"), with advisory support from the Hong Kong SAR Government. The Group's self-developed Mobile Welding Robot was awarded the "Impact Driver Award" for its innovation and practical application. The robot enhances welding efficiency and safety through its flexibility and precision, reducing reliance on manual high-risk tasks and demonstrating the Group's commitment to smart construction and quality improvement.

Innovative BEANiE Platform for Smart MiC Management and Sustainable Construction

The Group's innovative BEANiE platform enables end-to-end monitoring across the entire MiC lifecycle, from factory production and logistics to on-site installation, thereby enhancing transparency, coordination, and quality control. This integration of smart technology with construction practices demonstrates the Group's commitment to sustainable innovation and supports the delivery of greener, more efficient, and high-quality built environments.

Advancing Smart Monitoring through Command Theatre





The Group adopted the Command Theatre as an integrated monitoring platform to enhance digital collaboration, asset monitoring and operational visibility across projects. By leveraging digital twin visualisation and smart technologies, including cloud computing, smart sensing, geographic information systems ("**GIS**"), 3D modelling and collaborative control, the platform supports real-time data sharing, improves cross-disciplinary coordination, and strengthens operational efficiency and smart infrastructure management.

Project Highlight: Motto by Hilton Hong Kong SoHo – Innovative Building Solutions for Sustainable Hospitality

Green Building Excellence

Achieved BEAM Plus Existing Buildings Provisional Platinum Certification

Energy Saving and Carbon Reduction Design Concept

Leveraged design for manufacture and assembly ("DfMA") to improve construction efficiency, strengthen quality control, reduce material waste and minimise construction-related environmental impacts

Environmental Sustainability

Achieved notable improvements in energy savings, reduced electricity costs, and lowered carbon emissions through the implementation of energy-saving and low-carbon initiatives

Digital Innovation

Applied autonomous twin systems and AI measures to enhance lifecycle management and support energy-saving and carbon reduction objectives

Smart Building Management

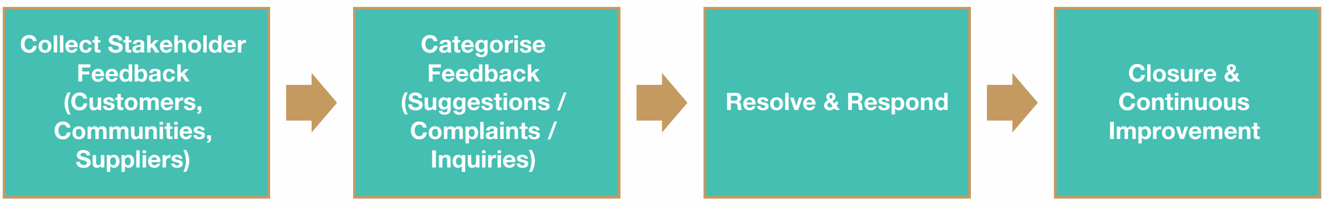
Adopted "Smart Building" module to monitor environmental controls and energy performance in real time, automatically optimise building services operations, and enhance energy efficiency, operational performance and indoor comfort

Customer Satisfaction

The Group places considerable importance on customer feedback as an essential instrument for enhancing satisfaction and driving continuous service improvement. Our Customer Communication Protocol ensures structured and effective collaboration with clients at every stage of engagement, spanning tendering and contract execution through to routine project updates and emergency response. To further reinforce service quality, the Group has implemented a formalised feedback mechanism designed to systematically capture and act upon customer insights with respect to our products and services.

The Group maintains a structured mechanism for handling customer complaints. All cases are investigated to identify root causes, with appropriate remedial, corrective and preventive actions implemented to address issues, prevent recurrence and support continuous improvement. Customers' rights and interests are fundamental to our business operations. We are committed to delivering high-quality products and services with a strong emphasis on reliability and customer-centric innovation. To ensure consistent quality standards, the Group has implemented the ISO 9001:2015 Quality Management System across its core operations and established internal procedures to effectively manage customer expectations.

The following outlines the procedures for handling external feedback and complaints from construction sites:



Responsible Supply Chain

Responsible supply chain management constitutes a critical foundation for ensuring consistent product quality and safety across all operations. The Group has developed a robust and comprehensive supply chain management framework encompassing every facet of its operations, including design and development, procurement and subcontracting, batching plant formulation and control, materials and product management, as well as equipment calibration and maintenance, to uphold high standards of operational integrity and accountability throughout the supply chain.

Subcontractor and Supplier Selection	Monitoring and Assessment	Evaluation
• The Group's Subcontractor and Supplier Selection Policy sets out the ESG consideration factors applied during the selection process, encompassing the following criteria: o Product and service quality o Price o Capability o Social and environmental performance o Prioritisation of green procurement practices and initiatives	• Regular construction site monitoring is conducted, alongside quarterly performance assessments of subcontractors and suppliers. An approved list of subcontractors and suppliers is maintained based on performance criteria including quality, safety and environmental performance • Improvement plans are issued to relevant parties where necessary	• Where performance is deemed unsatisfactory, this process may result in the removal of the relevant subcontractors or suppliers from the Group's approved list of acceptable subcontractors and suppliers

In advancement of its sustainable sourcing objectives, the Group has established a Green Procurement Policy that mandates the preferential selection of suppliers providing eco-certified materials and products, whilst requiring the adoption of reduced packaging solutions and the systematic elimination of single-use disposable items throughout the supply chain.

Furthermore, the Group's E&M business has implemented a series of green policies and measures requiring its contractors and suppliers to comply with the requirements of ISO 14001 Environmental Management System and ISO 50001 Energy Management System standards. For projects assessed under the Building Environmental Assessment Method ("**BEAM**"), all materials and equipment procured from suppliers are required to satisfy stipulated environmental standards, thereby minimising adverse environmental impact in line with the Group's broader sustainability commitments.

As of 31 March 2026, the Group collaborated with 11,130 suppliers (FY2024/25: 10,998), with approximately 73% located in Hong Kong, 24% in Chinese mainland and Macau, and the remaining located overseas. Practices relating to engaging suppliers were implemented on all major suppliers.

Ethics and Integrity

We uphold high 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.

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:

Environmental, Social and Governance Report

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 • All relevant Group policies are made available through our internal portal to ensure employees have a clear understanding of our standards on business ethics and integrity. In addition, subsidiaries are encouraged to formulate supplementary policies that address 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, malpractices 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

Strengthening Business Ethics Through Anti-Corruption Training

During the Reporting Period, Yau Lee Wah Concrete Precast Products Co., Ltd ("**YLW**") held an anti-corruption training session for subcontractors. The session drew on ICAC case studies to illustrate key integrity risks in subcontracting operations, including falsified records, bid rigging, and improper disclosure of confidential information. It also reinforced relevant legal requirements under the Hong Kong Prevention of Bribery Ordinance and the PRC Criminal Law, aiming to strengthen subcontractors' understanding of compliance obligations and ethical business conduct.

Data Privacy and Cybersecurity

The Group is committed to embedding cutting-edge digital technologies into construction management. The Group's core subsidiary holds ISO 27001 certification for its information security management system, demonstrating the Group's capability to manage information security risks, strengthen cybersecurity controls and protect data privacy. We have formalised cybersecurity policy to establish rules and best practices for information technology infrastructure setup, maintenance and routine operations, providing a practical framework to prevent cyberattacks and support secure operations. The policy also sets out cybersecurity standards that all employees must adhere to, enabling consistent and robust protection of the Group's information assets.

Recognising that the responsible use of AI is an inevitable industry trend, we have taken proactive steps to promote ethical AI adoption while safeguarding security and compliance. During the Reporting Period, YLW conducted an "AI Tools Usage Training Workshop" covering the operation of domestic AI tools and practical prompting techniques. Combining theoretical guidance with hands-on practice, the workshop enabled employees to apply AI effectively and responsibly to daily workflows.

As the Group advances digital transformation, protecting customer data privacy remains fundamental to its operations. 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
- 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 Management

The Group is dedicated to safeguarding both its own and third-party intellectual property rights. This includes intellectual property associated with advanced construction methodologies and digital technologies adopted across our operations. We have implemented comprehensive policies and internal guidelines that mandate employee compliance, including prohibiting unauthorised use of others' intellectual property in all forms.

Operational Decarbonisation

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

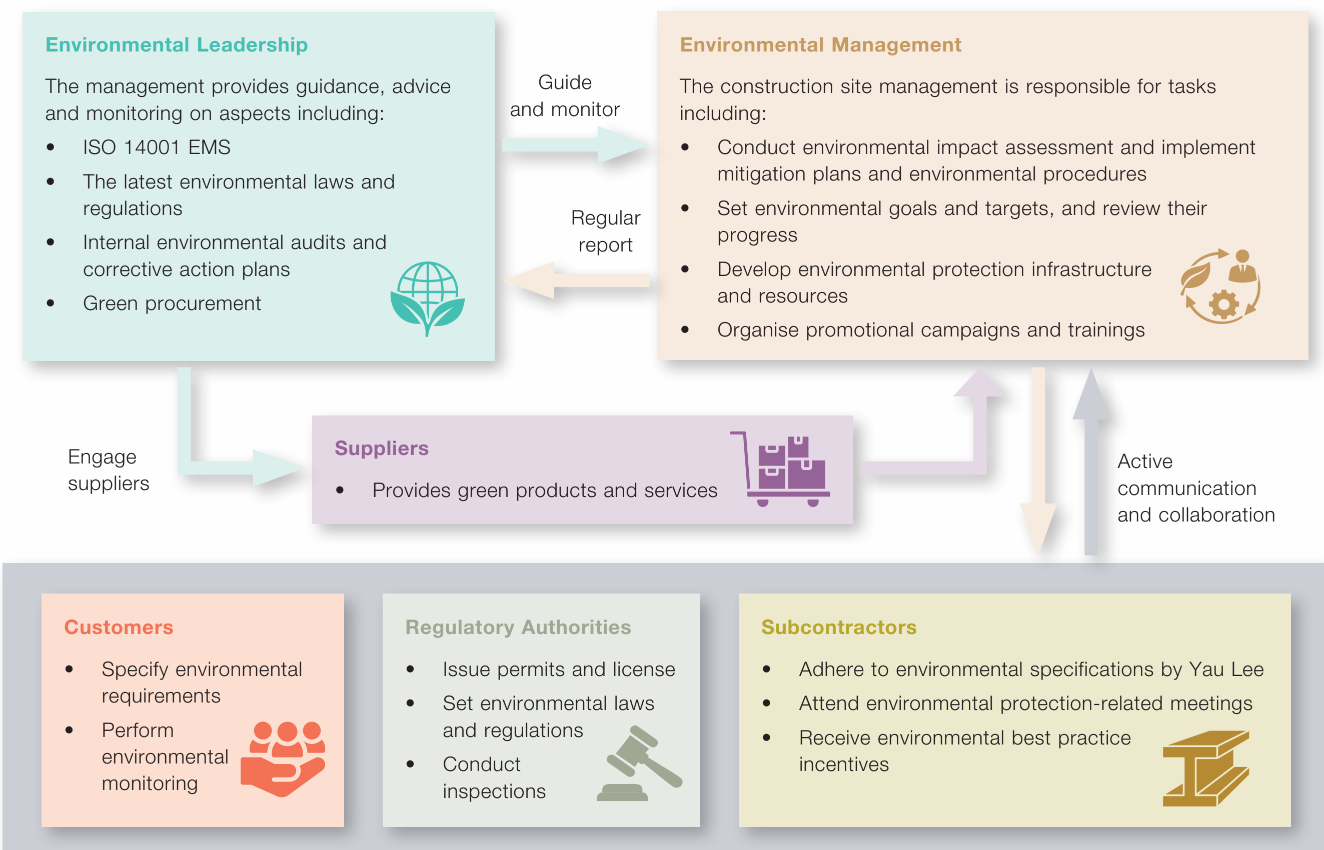
Most Material Topic(s)

- Energy efficiency
- Technology and innovation
- Building material efficiency
- Environment compliance

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 optimise resource efficiency (energy, water and material use).

In accordance with the Group's steadfast commitment to environmental protection, ISO 14001-certified Environmental Management Systems ("**EMS**") are implemented across the operations of the Group's core subsidiaries. This overarching framework ensures the maintenance of rigorous operational processes, underpinned by the Group's Environmental Policy, established operational protocols and associated mitigation measures. During the Reporting Period, the Group was not aware of any material non-compliance with relevant environmental laws and regulations.

In FY2025/26, we continued to implement our Green Construction Sites Workflow, which aims to minimise our environmental impact:



Climate Resilience

Governance

Board's Oversight

The Board bears ultimate responsibility for overseeing climate-related risks and opportunities. With the assistance of the management, the Board supervises the Group's climate-related matters, including climate policies, the management of climate-related risks and opportunities, as well as the progress of the Group's GHG emission reduction targets. The management reports to the Board at least annually through formal meetings on sustainability-related matters covering climate-related issues as well as climate-related risks and opportunities. The Board considers trade-offs between climate factors in strategy formulation, major transaction decisions and risk management processes, balancing them against other business, financial and operational priorities, as well as the implementation progress of the climate targets, thereby integrating climate considerations into the Board's overall decision-making.

Members of the Board and management possess sufficient knowledge of climate-related matters and a thorough understanding of their potential impact on the Group's business and operations. The Group provides regular climate-related training and materials to ensure that the Board and management remain well-informed and up to date.

Management's Role

Under the supervision of the Board, the management is responsible for assessing and managing climate-related risks and opportunities, planning and implementing climate-related measures, and reviewing climate-related policies. The management implements the strategic direction set by the Board by incorporating climate considerations into our daily operations.

For further details, please refer to the section headed "Sustainability Governance and Board Oversight".

Strategy

In response to the long-term challenges posed by climate change, the Group continues to strengthen its capabilities in identifying and managing climate-related risks and opportunities and integrates such considerations into its sustainability risk and opportunity management mechanism. The Group identifies and manages physical and transition climate risks as well as climate-related opportunities through our sustainability risk and opportunity management mechanism. With the support of the management, the Group maintains adequate resources to support relevant transition measures.

Climate-Related Risks and Opportunities

During the Reporting Period, we conducted a comprehensive assessment of climate-related physical and transition risks and opportunities relevant to our business. The key climate-related risks and opportunities identified, their potential impacts on our business model and value chain and our corresponding response actions over three distinct time horizons are summarised in the table below. We continue to apply the time horizons that are aligned with our strategic decision-making and planning, and global and/or national best practices. However, since data availability and quantification methods continue to develop or evolve, we will continue to monitor and, where feasible, describe the concentration of climate-related risks and opportunities across our business model and value chain. As research in this area continues to evolve, we expect to strengthen our understanding and further identify relevant risks and opportunities across our core operations.

Key Climate-Related Risks	Current and Anticipated Financial Impacts	Current and Anticipated Non-Financial Impacts	Response Actions and Transition Measures
Physical risks refer to the potential adverse impacts that climate change may have on an organisation's operations, assets and supply chains, including those arising from extreme weather events, such as floods, and longer-term shifts in climate patterns, such as rising sea levels.			
Acute Risk Ⓢ Increased severity of extreme weather events, such as storms, extreme rain and flooding	▪ Increased operating and maintenance cost ▪ Reduced revenue due to delivery delays and business interruptions	▪ Increased exposure to employee health and safety risks ▪ Potential project delays or interruptions, which may affect project delivery schedules, client confidence and the Group's overall market position	▪ Enhance storage and inventory resilience through key material protection, site and warehouse reinforcement, and safety stock arrangements ▪ Implement weather alert and emergency response procedures for material protection, logistics adjustments and safe storage ▪ Maintain business continuity plans and strengthen supply chain preparedness ▪ Safeguard employee health and safety through extreme weather work guidelines, protective equipment, training and emergency drills ▪ Maintain contractual safeguards and client communication mechanisms to support effective response to disruptions
Chronic Risk Ⓛ Chronic physical changes, including shifts in precipitation and weather patterns, and rising mean temperatures	▪ Increased operating and maintenance costs ▪ Increased capital expenditure for building resilience and adaptation ▪ Potential revenue loss ▪ Higher insurance premiums	▪ Reduced workforce productivity and increased worker safety risks	▪ Develop a climate adaptation roadmap to guide asset, supply chain and project resilience planning ▪ Integrate climate resilience into design standards, construction guidelines, health and safety policies and emergency response plans ▪ Strengthen site-level flood mitigation, asset protection and supplier resilience measures

Ⓢ Short-term (2030) Ⓜ Medium-term (2050) Ⓛ Long-term (2100)

Key Climate-Related Risks	Current and Anticipated Financial Impacts	Current and Anticipated Non-Financial Impacts	Response Actions and Transition Measures
Transition risks refer to the potential challenges and financial implications that organisations may face during the shift towards a low-carbon economy.			
Policy and Legal Risk ⓈⓂⓁ Enhanced emissions reporting and climate disclosure obligations, with litigation exposure arising from evolving climate-related regulations	▪ Increased compliance costs ▪ Increased operating costs	▪ Reputational damage ▪ More stringent reporting obligations ▪ Investor pressure ▪ Reduced attractiveness to employees	▪ Monitor regulatory developments and emerging climate disclosure requirements ▪ Strengthen Board and management oversight of ESG and climate-related matters ▪ Enhance climate-related disclosure controls and align reporting with recognised frameworks ▪ Review ESG KPIs, calculation methodologies and data assurance processes ▪ Integrate ESG data and low-carbon requirements into supplier management
Technology Risk Ⓛ Unsuccessful investment in new technologies leading to reduced operational efficiency	▪ Increased operating costs	▪ Reduced technology credibility ▪ Weakened market competitiveness ▪ Slower progress towards low-carbon transition objectives	▪ Conduct technical feasibility reviews, pilot testing and expert validation before deploying new low-carbon technologies ▪ Participate in industry alliances and knowledge-sharing platforms to identify proven solutions and reduce implementation risks

Ⓢ Short-term (2030) Ⓜ Medium-term (2050) Ⓛ Long-term (2100)

Key Climate-Related Risks	Current and Anticipated Financial Impacts	Current and Anticipated Non-Financial Impacts	Response Actions and Transition Measures
Market Risk Ⓛ Growing demand for green and low-carbon finance, with limited financing channels and insufficient integration of climate-related considerations into budgeting and capital allocation	▪ Increased operating and compliance costs ▪ Reduced availability of capital	▪ Reduced ability to attract and retain talent amid evolving climate-related market expectations ▪ Potential weakening of market positioning ▪ Lower progress in low-carbon innovation	▪ Integrate ESG and climate-related considerations into investment decision-making and budgeting ▪ Conduct regular climate risk assessments for major business operations to evaluate exposure, sensitivity and adaptive capacity ▪ Strengthen climate-related disclosures with reference to the international reporting framework to demonstrate climate resilience and attract long-term ESG-focused capital ▪ Explore diversified green financing channels, including green loans, sustainability-linked loans, green bonds and other sustainable finance instruments ▪ Align asset enhancement and green building initiatives with recognised green finance standards, such as BEAM Plus and applicable sustainable finance taxonomies, where relevant

Ⓢ Short-term (2030) Ⓜ Medium-term (2050) Ⓛ Long-term (2100)

Key Climate-Related Opportunities	Current and Anticipated Financial Impacts	Current and Anticipated Non-Financial Impacts	Response Actions and Transition Measures
Opportunities			
Energy Source Ⓢ Use of renewable energy and new technologies	▪ Reduced electricity costs ▪ Additional revenue opportunities from renewable energy solutions ▪ Potential access to government subsidies or other incentives	▪ Enhanced corporate reputation and credibility through proactive adoption of renewable energy and low-carbon technologies	▪ Develop and deploy renewable energy solutions, including diversified solar PV systems for different site conditions ▪ Expand solar installation services to external clients to support emissions reduction and create business opportunities ▪ Reduce internal electricity consumption and associated GHG emissions through renewable energy adoption
Products and Services Ⓢ Development of new products or services through R&D and innovation	▪ Reduced operating costs ▪ Increased revenue from provision of innovative low-carbon solutions ▪ Lower financing costs through access to preferential green loans	▪ Enhanced process efficiency through improved material utilisation	▪ Adopt MiC construction methods and low-carbon materials to improve material efficiency and embedded carbon emissions ▪ Promote circular economy practices and develop green materials to enhance efficiency and access green financing ▪ Invest in energy-saving and emission-reduction technologies (e.g., battery energy storage systems) to reduce emissions and generate new revenue opportunities ▪ Invest in low-carbon technologies, including patented battery energy storage systems that can reduce carbon emissions compared with conventional diesel generators

Ⓢ Short-term (2030) Ⓜ Medium-term (2050) Ⓛ Long-term (2100)

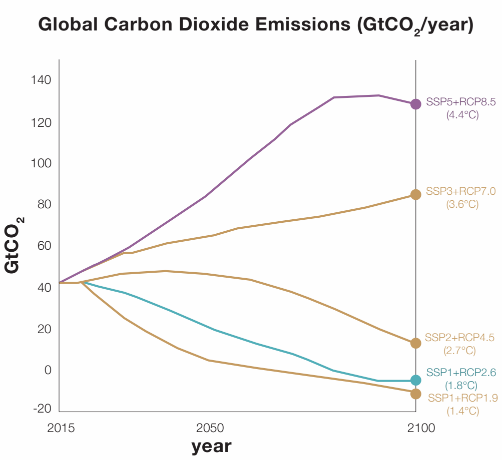
Scenario Analysis

During the Reporting Period, the Group initiated its first climate scenario analysis to assess the resilience of its strategy and business model against a range of potential climate outcomes. The analysis was conducted across the Group's principal activities in Hong Kong and the Chinese Mainland and was designed to inform strategic planning and risk management. The results informed our strategic planning, risk management and resource allocation for various time horizons.

Scenario and modelling approach

We used the IPCC dataset as the primary reference. We selected both low-carbon and high-carbon scenarios, namely the scenarios SSP1[4]+RCP2.6[5] and SSP5+RCP8.5 respectively, as they are internationally recognised, publicly available and directly relevant to the Group. The scenarios were not intended to be predictions of the future; rather, they were designed to stress-test our business against several plausible future states. We assessed both physical and transition climate-related risks across three time horizons: short-term (2030), medium-term (2050), and long-term (2100). These assessment horizons were determined with reference to the Group's business characteristics and strategic development priorities. The assessment assumes no significant changes to the Group's core business activities and overall development strategy throughout the assessment period. The uncertainty is subject to the current limitations of available literature and data in quantifying the influence of climate with a high degree of certainty. Our current approach was based on a snapshot of our current situation and assumed no change in our major principal business operations, operating locations or carbon mitigation measures, and no correlation among different climate risk variables. Going forward, we will continue to refine our approach to climate scenario analysis as new credible data and methodologies become available.

Please refer to the graphics below for an overview of the IPCC scenarios.



For the assessment, we integrated global climate models, regional climate data, and industry forecasts to evaluate physical and transition risks relevant to the Group's operations. The analysis considered physical risk indicators such as cyclones, floods and rising mean temperatures, transition risk indicators impacting operating costs and transition pressures, such as policy and legal, technology and market preference, as well as opportunity drivers such as use of new technologies and renewable energy. The results indicate that the identified risks are generally manageable across the assessed scenarios, while opportunities from the transition to a low-carbon and net-zero economy are expected to increase over time. The Group's current strategies and ongoing measures are expected to support climate resilience and enable the Group to capture relevant opportunities under different future climate scenarios.

Please refer to the tables below for an overview of the selected time horizons, climate scenarios and analysis results. The assessment results then serve as the underlying assumption for formulating the response actions.

[4] Shared Socioeconomic Pathway.
[5] Representative Concentration Pathway.

Time horizons and climate scenarios selection

Risk Indicator/Opportunity Driver		Time Horizons	IPCC Scenarios Selection
Physical Risk	**Acute Risk:** • Cyclones • Floods **Chronic Risk**: • Rising mean temperatures	2030 (short-term) 2050 (medium-term) 2100 (long-term)	**SSP1+RCP2.6 (Low Emissions Scenario):** • Assumes a stringent low-carbon transition pathway broadly aligned with the Paris Agreement's goal of holding global warming to well below 2°C above pre-industrial levels. Under this scenario, global GHG emissions decline substantially, socio-economic development follows a sustainable and inclusive growth pathway, and carbon neutrality is achieved by around 2075. • By the end of the century, global warming is projected to range from 1.3°C to 2.4°C, with a best estimate of 1.8°C

<table>
<tr><th colspan="2">Risk Indicator/Opportunity Driver</th><th>Time Horizons</th><th>IPCC Scenarios Selection</th></tr>
<tr><td>Transition Risk</td><td>Policy and Legal Risk:
• Enhanced emissions-reporting obligations
• Exposure to litigation

Technology Risk:
• Unsuccessful investment in new technologies

Market Risk:
• Growing demand for green and low-carbon finance with limited financing channels
• Limited integration of climate-related considerations into budget planning</td><td rowspan="2">2030 (short-term)
2050 (medium-term)
2100 (long-term)</td><td rowspan="2">SSP5+RCP8.5 (High Emissions Scenarios):
• Assumes a fossil fuel-intensive development pathway with very high GHG emissions and limited additional climate policy intervention. The global economy remains highly dependent on fossil fuels, low-emission technology investment is insufficient, and electricity generation remains largely coal-driven. Under this scenario, climate change mitigation is limited, extreme weather events become more frequent, and global temperature rise reaches the highest level among the assessed scenarios.

• By the end of the century, global warming is projected to range from 3.3°C to 5.7°C, with a best estimate of 4.4°C.</td></tr>
<tr><td>Opportunity</td><td>Energy Source:
• Use of new technologies and renewable energy

Products and Services:
• Development of new products or services through R&D and innovation</td></tr>
</table>

Scenario analysis results

Risk Indicator/Opportunity Driver		SSP1+RCP2.6			SSP5+RCP8.5		
		2030	**2050**	**2100**	**2030**	**2050**	**2100**
Physical Risk	Acute						
	Cyclones	● Moderate risk	● Moderate risk	● High risk	● Moderate risk	● High risk	● High risk
	Floods	● Very low risk	● Very low risk	● Low risk	● Very low risk	● Very low risk	● Low risk
	Chronic						
	Rising mean temperatures	● Low risk	● Moderate risk	● Moderate risk	● Low risk	● Moderate risk	● High risk
Transition Risk	Policy and Legal						
	Enhanced emissions-reporting obligations	● Very low risk	● Low risk	● Low risk	● Very low risk	● Very low risk	● Low risk
	Exposure to litigation	● Low risk	● Low risk	● Moderate risk	● Low risk	● Moderate risk	● Moderate risk
	Technology						
	Unsuccessful investment in new technologies	● Very low risk	● Very low risk	● Low risk	● Very low risk	● Low risk	● Low risk
	Market						
	Growing demand for green and low-carbon finance with limited financing channels	● Moderate risk	● Moderate risk	● Moderate risk	● Moderate risk	● Moderate risk	● High risk
	Limited integration of climate-related considerations into budget planning	● Very low risk	● Low risk	● Low risk	● Low risk	● Low risk	● Low risk
Opportunity	Energy Source: Use of new technologies and renewable energy	● Low opportunity	● Low opportunity	● Moderate opportunity	● Low opportunity	● Moderate opportunity	● Moderate opportunity
	Products and Services: Development of new products or services through R&D and innovation	● Low opportunity	● Low opportunity	● Moderate opportunity	● Moderate opportunity	● Moderate opportunity	● High opportunity

Risk and opportunity level:

• Very low risk • Low risk • Moderate risk • High risk
• Low opportunity • Moderate opportunity • High opportunity

Climate resilience and adaptive capacity

The results of the climate-related scenario analysis inform the Group's assessment of the resilience of its strategy and business model under different scenarios and time horizons. The analysis supports an understanding of how climate-related changes could affect the Group's operations and strategic positioning and provides a basis for identifying areas where enhanced risk management, strategic adjustment or resource allocation may be required.

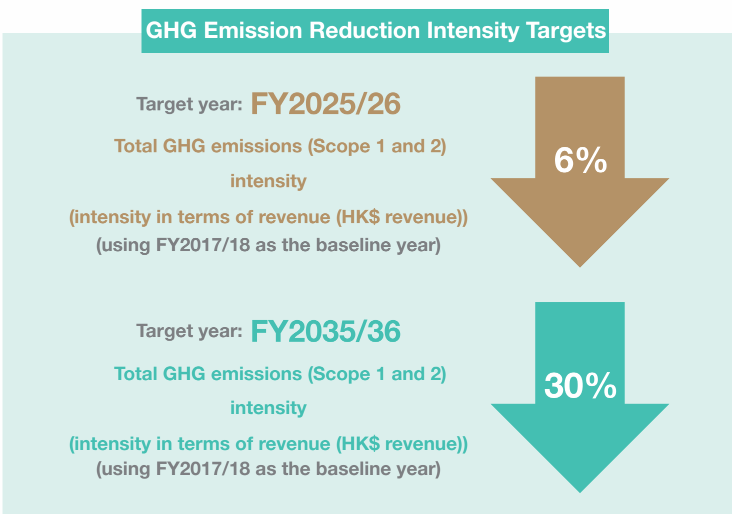
We maintain the capacity to adapt our strategy and business model over short, medium, and long term through existing risk management and strategic planning processes. Scenario analysis outcomes are incorporated into these processes to support timely decision-making, enabling the Group to respond proportionately to evolving climate-related risks and opportunities while supporting long-term resilience and sustainable value creation.

Risk Management

The Board bears ultimate responsibility for overseeing climate-related risks and opportunities, which are fully integrated into the Group's risk and opportunity management framework for the identification, assessment, prioritisation, management and reporting of risks and opportunities across multiple domains. Supported by the management, we conduct regular ESG risk and opportunity assessments, encompassing climate-related risks and opportunities across the Group. These processes are embedded within, and inform, the Group's overall risk management and strategic planning framework. For further details, please refer to the "ESG Risk and Opportunity Management" section.

Metrics and Targets

In support of Hong Kong's Climate Action 2050, which aligns with the Paris Agreement's goal, an international climate agreement aimed at limiting global warming to 1.5°C above pre-industrial levels, the Group has formulated a clear carbon reduction pathway that reflects its business characteristics and is steadily advancing its low-carbon transition. As part of this framework, we disclose key climate-related metrics in our annual ESG Report, including Scopes 1, 2 and 3 GHG emissions and energy consumption. We have also established GHG emission reduction intensity targets[6] to guide our ongoing efforts in climate action:



6 Our GHG intensity targets are gross emissions targets that measure the total amount of GHG emissions without accounting for any reductions from carbon offsets. Such targets apply to the Group's principal activities and cover six GHG as defined under Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

These targets underscore the Group's commitment to contributing to climate goals while strengthening the resilience and efficiency of its own operations. Progress against the GHG reduction targets and associated performance metrics is monitored on an ongoing basis and reported to the Board annually, enabling effective oversight and informed decision-making. Our GHG emission targets and key green targets, outlined below, serve as a foundation for these efforts.

Our GHG Emission Reduction Targets and Green Targets[9]		Target Progress[7]	FY2025/26 Performance
Emission[8]	• Reduce total GHG emissions (Scope 1 and 2) intensity by 6% by FY2025/26, compared with the FY2017/18 baseline	Achieved	↓ 20%
	• Reduce total GHG emissions (Scope 1 and 2) intensity by 30% by FY2035/36, compared with the FY2017/18 baseline	In Progress	
Waste	• Maintain the steel reinforcement wastage rate at or below 5% of total steel reinforcement used at construction sites	Achieved	2.61%
	• Achieve an annual recycling rate of at least 95% for unusable walkie-talkie batteries, based on the number of new batteries purchased, through supplier recycling programmes at construction sites	Achieved	99%
	• Recycle no less than 4,000 kg of waste paper annually at back office	Achieved	4,397 kg
Energy	• Reduce total energy consumption intensity by 1%, compared with FY2024/25 baseline	Achieved	↓ 14%
Water	• Reduce total water consumption intensity by 1%, compared with FY2024/25 baseline	Achieved	↓ 12%

7 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.

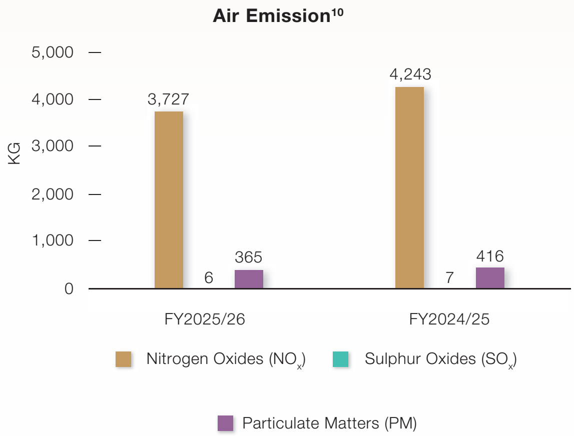
8 GHG emissions include Scope 1 and Scope 2 emissions.

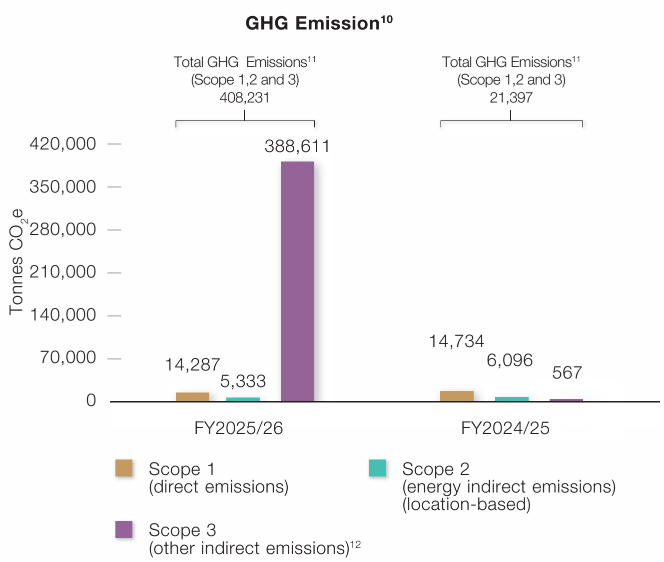
9 The Group's green targets apply to its principal business segments in Hong Kong and the Chinese Mainland.

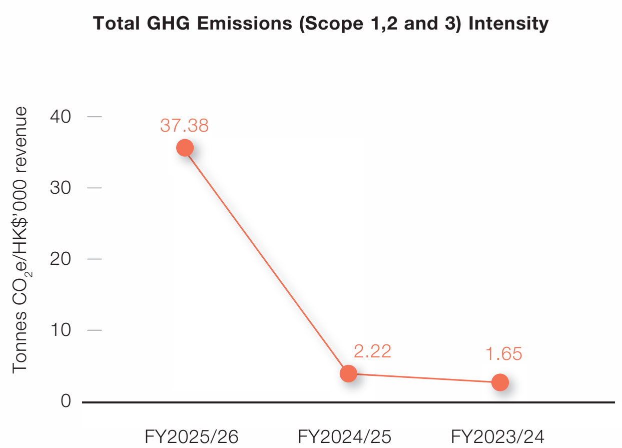
Energy, Air and GHG Emissions

Air and GHG Emissions

The mitigation of climate change necessitates substantial reductions in GHG emissions across all operations. The Group is firmly committed to reducing GHG and air emissions arising from its primary sources, encompassing stationary fuel combustion and purchased electricity consumption, with particular emphasis on minimising emissions generated across its construction sites.







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

11 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.

12 Our Scope 3 emission include available data arising from Category 1 – Purchased Goods and Services (including emissions from the main building materials purchased and freshwater treatment), Category 4 – Upstream Transportation and Distribution (including emissions from outsourced transportation activities), and Category 5 – Waste Generated in Operations (including emissions from operational waste disposal and sewage treatment).

In furtherance of the Group's commitment to climate leadership, the Group has enrolled in the HKQAA's Net-zero Certificate Programme, pledging to achieve reductions in total GHG emission (Scope 1,2 and 3) intensity of 6% and 30% by FY2025/26 and FY2035/36 respectively, measured against a base year of FY2017/18.

The year-on-year increase in total GHG emissions (Scope 1,2 and 3) recorded during FY2025/26 was primarily attributable to enhancements in the Group's Scope 3 data collection process and the expansion of Scope 3 emission categories that were not covered in FY2024/25. In addition, the early stages of construction are inherently associated with elevated GHG emissions, owing to the reliance on temporary utilities and the execution of carbon-intensive construction processes such as concrete pouring, in addition to increased diesel consumption resulting from limited access to grid power at certain project sites. The Group remains steadfastly committed to identifying and implementing practicable measures to minimise GHG emissions across its operations in the periods ahead.

We have implemented a range of measures to accelerate our decarbonisation:

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 minimise emissions from mobile fuel combustion	• Adopt renewable energy, such as solar panels or solar tubes for longer-term site offices • Adopt advanced energy storage systems as an alternative to diesel generators • Apply green roof technology on our site offices • Use timers to optimise the operation of devices and equipment for temporary works • Install motion sensors to automatically switch off lighting when not in use	• Use low-carbon concrete and procurement of green construction materials with lower embodied carbon • Optimise outsourced transportation and logistics arrangements • 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 the principal energy sources underpinning the Group's operations. In accordance with the commitments set out under the Group's Energy Policy, energy consumption is systematically minimised through the implementation of ISO 50001 Energy Management Systems across all core subsidiaries, reinforcing the Group's dedication to responsible and efficient energy management.

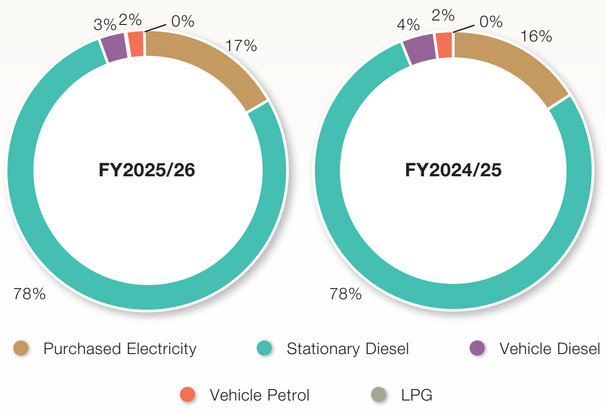
Application of the Solar Tube Water Heater System to Reduce Energy Use

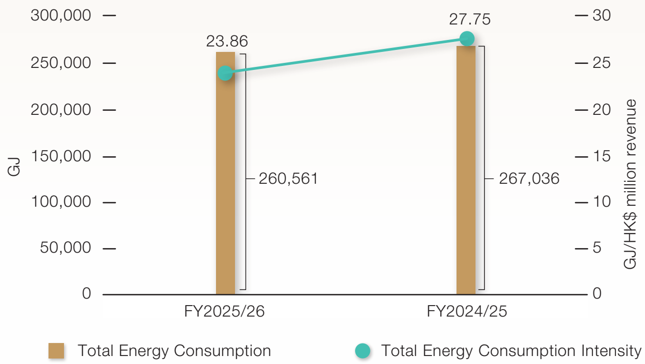
During the Reporting Period, the Group adopted a solar tube water heater system as part of its ongoing efforts to enhance energy efficiency across its on-site operations. By harnessing solar energy for water heating, the system helps reduce dependence on conventional electricity consumption, with estimated annual electricity savings of approximately 35,000 to 40,000 megajoules (MJ) and cost savings of around HK$15,000, reinforcing the Group's commitment to sustainable operational practices.

Enhancement of Lighting System Energy Efficiency

The Group improved energy efficiency through system optimisation measures in its site office operations, including implemented energy-saving lighting measures, such as LED lighting with Nanoflex® technology, LED exit signs, and zoned lighting control with automatic shut-off during non-working hours. These initiatives collectively reduce electricity consumption and enhance overall energy management performance.

As a continuing signatory to the 4T Charter and Energy Saving Charter, the Group has established an energy target to reduce total energy consumption intensity by 1% relative to FY2024/25. During the Reporting Period, our total energy consumption intensity reduced by 14% compared to previous year due to continuous enhancement of on-site energy management and energy-saving practices across our operations. 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

The Group's construction and building materials supply businesses are firmly committed to maximising material efficiency, striking an optimal balance between cost effectiveness and environmental stewardship through rigorous waste reduction measures and the minimisation of impacts on natural resources. To this end, the Group actively deploys innovative technologies across its projects, including MiC, IoT applications and automatic bending machines, which collectively ensure high precision in execution and facilitate the maximum utilisation of iron materials.

Building on these efforts, we also adopt the MiC method to reduce timber consumption, while promoting on-site reuse of timber for concreting and recycling of waste timber boards to further minimise material waste.

Resource Reuse Initiative

Promotion of Waste Timber Board Recycling

On construction sites, waste timber formwork is sorted and processed to reclaim reusable panels, reducing construction waste and improving material efficiency during the construction phase. This practice supports a circular approach to construction materials, and minimises the environmental footprint of site operations.

Waste Management

The Group adopts a comprehensive approach to waste management, guided by the principles of "reduce, reuse and recycle" across all operations. Innovative solutions, including the deployment of intelligent mosquito lamps to minimise chemical waste generation and smart recycling bins to facilitate material recovery for prefabrication reuse and recycling, collectively reflect the Group's steadfast commitment to waste minimisation and responsible resource stewardship.

Waste Recycling Initiatives

Waste Management Measures at Site

During the Reporting Period, various waste segregation and recycling measures were implemented on-site, including recycling bins, recovery of metals, paper, plastics and food waste, as well as designated storage areas for inert and chemical waste. The Group also explored innovative reuse initiatives, such as using discarded glass glue shells to cover protruding rebar, adopting green sandbags made from recycled plastics and glass, and recycling eggshells into plant fertiliser. In addition, the Group supported industry-wide sustainability initiatives by participating in the "Construction Industry Plastic Waste Recycling and Remanufacturing Program" and reclaiming banners after elections for reuse and recycling purposes.

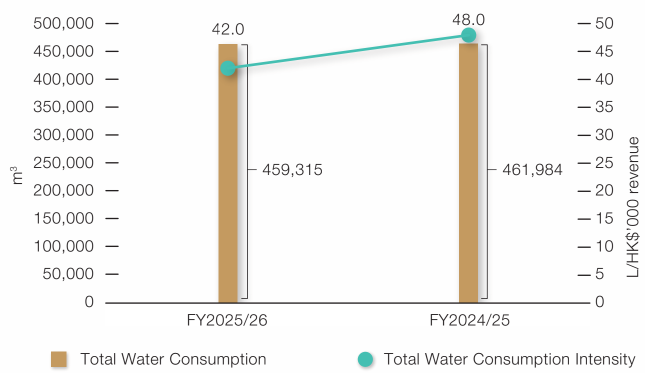
All waste generated across the Group's operations is managed. Hazardous waste, including spent lubricating oil, is handled exclusively by licensed waste collectors. In connection with the Group's ongoing participation in the Wastewi$e Scheme, we have established targets for work sites and back office operations as part of our green targets. Please refer to "Climate Resilience" for more details.

Water

The Group endeavours to maximise water efficiency through the adoption of the following measures:

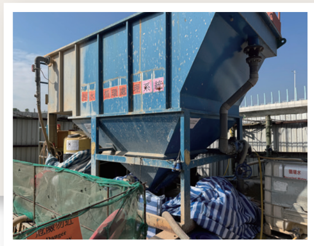
- Development of the "Smart Flushing Device" to automate the mandatory three-day internal water system flushing required by the Water Supplies Department, thereby significantly reducing overall water consumption
- Installation of signage at relevant premises to promote water conservation awareness amongst employees
- Prompt rectification of dripping fixtures and fittings to prevent unnecessary water wastage
- Implementation of wastewater recycling facilities to facilitate responsible water reuse

During the Reporting Period, the Group's total water consumption intensity was 42.0L/HK$'000 revenue, representing a 12% decrease compared with FY2024/25. The decrease was primarily attributable to strengthened water conservation measures and enhanced monitoring of water usage at construction sites. The Group did not encounter any issues in sourcing water that was fit for purpose during the Reporting Period.



On-Site Practice for Wastewater Reuse

The Group promotes wastewater recycling practices across construction sites by installing treatment facilities to enable reuse of wastewater where practicable, reducing freshwater consumption. In parallel, water-saving measures such as the use of waterless toilets are implemented to further lower water demand. Through integrating recycling and efficiency initiatives, the Group strengthens sustainable water management and minimises environmental impact.



Nature and Biodiversity Conservation

The Group recognises that construction activities can have direct and indirect impacts on natural habitats and biodiversity. As such, we are committed to integrating environmental considerations into our project planning and execution, with the aim of minimising ecological disturbance and supporting the preservation of natural ecosystems. The Group also seeks to incorporate natural considerations into project lifecycles, including habitat protection and site restoration where feasible, in line with evolving environmental standards and stakeholder expectations.

Revitalisation of Tsui Ping River Project

During the Reporting Period, REC Engineering Co., Ltd ("**REC**") was involved in the Revitalisation of Tsui Ping River project, contributing engineering expertise to transform a one-kilometre drainage channel in Kwun Tong into a multifunctional riverside space integrating ecological enhancement, flood control, and community use. The project incorporates wetland-based water purification and smart flood management systems to improve water quality and support urban biodiversity. By applying green design principles and resource-efficient solutions, REC demonstrates its capability to integrate environmental sustainability into complex infrastructure development.

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)
• Occupational health and safety • Employment compliance

The Group regards its employees as its most valuable asset and remains dedicated to cultivating a harmonious and inclusive work environment.

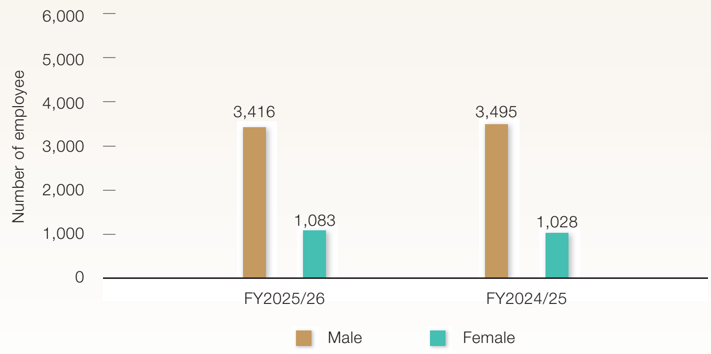
The Group's Staff Handbook and associated human resources policies set out clearly defined provisions governing compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination, as well as a comprehensive range of employee welfare and benefits, collectively serving to safeguard the rights and interests of all employees.

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

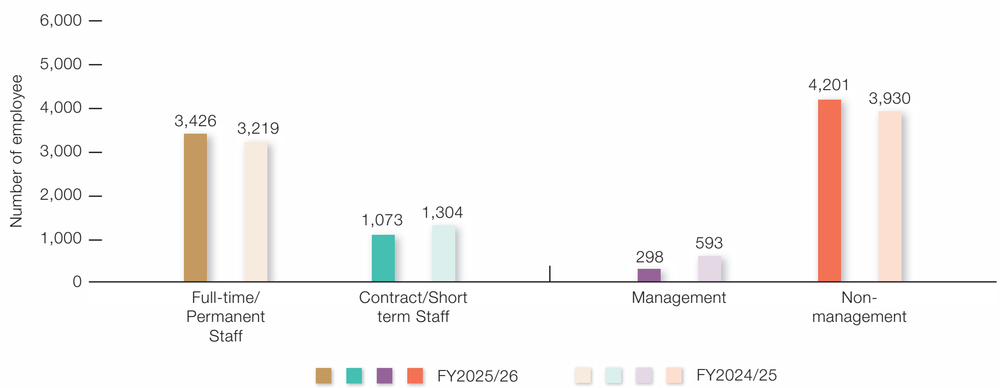
Employee Overview

As of 31 March 2026, the Group employed a total of 4,499 employees (FY2024/25: 4,523 employees). The distribution of employees by gender, employment type, age group and geographical region is presented below, reflecting the Group's commitment to embracing diversity and upholding equal opportunities across all demographic groups, thereby fostering a dynamic and inclusive workforce that underpins the Group's continued growth and innovation.

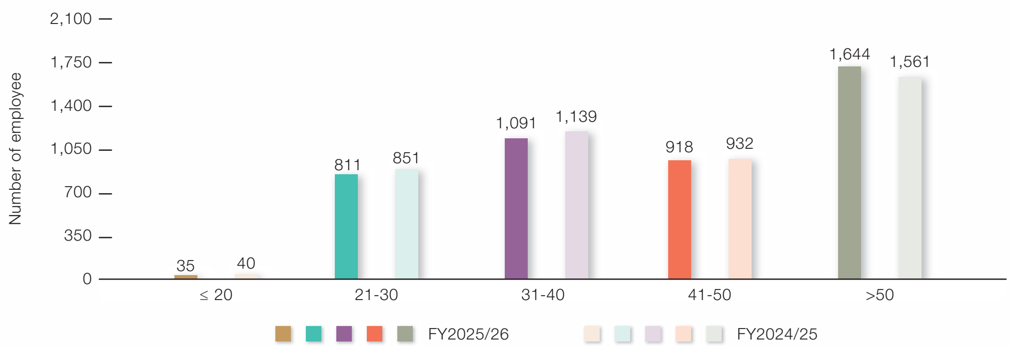
Total workforce by gender



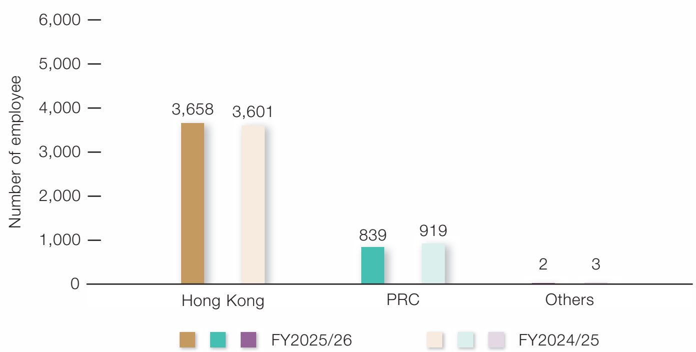
Total workforce by employment type



Total workforce by age group

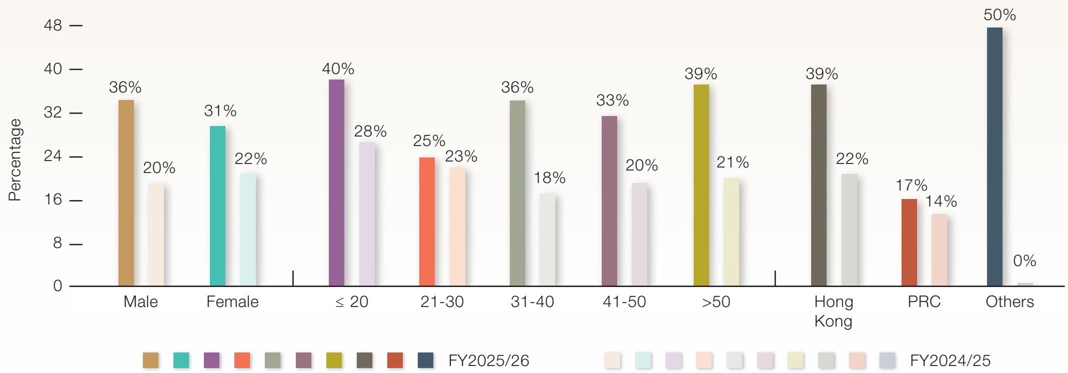


Total workforce by geographical location



In FY2025/26, the overall turnover rate of our Group was 35% (FY2024/25: 21%). 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 prioritises employee health and safety to minimise occupational hazards. To achieve this, we have developed a thorough framework and set of safety requirements for our employees to adhere to, which are clearly detailed in our Safety and Health Management Manual.

Health and Safety Management

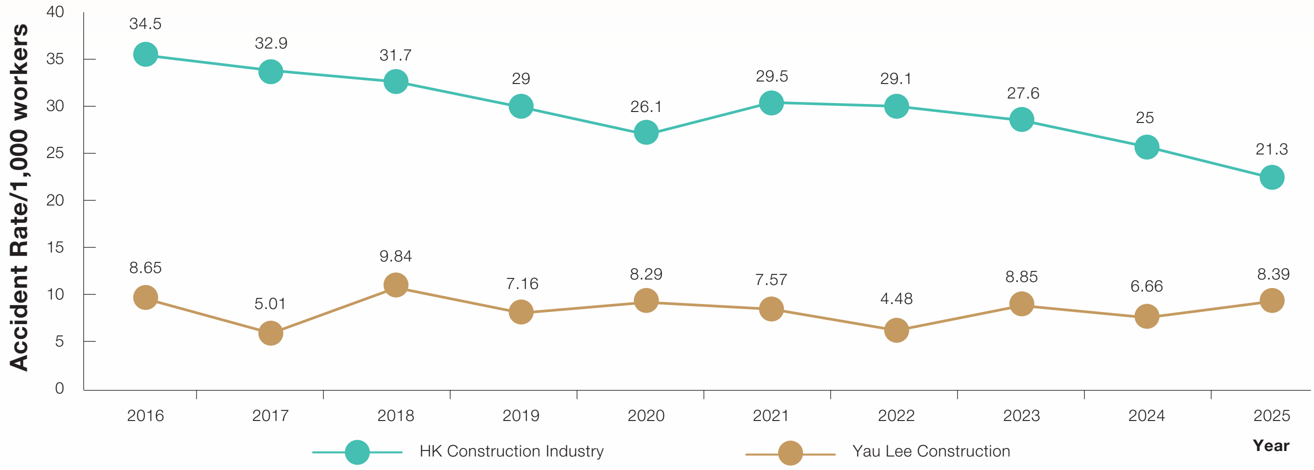
The Group operates an integrated health and safety management system to identify, assess and mitigate workplace safety hazards in a systematic manner. Our ISO 45001 certification covers our operations from corporate offices to construction sites and maintenance projects, supporting consistent health and safety practices. Regular safety oversight is provided by the Health and Safety Steering Committee, the Overall Site Safety and Health Working Committee, and the Site Safety Committee. Employees are also required to wear appropriate personal protective equipment, including protective clothing, gloves, safety shoes, helmets and fall-arrest safety harnesses, where necessary.

Safety Awareness and Promotion

The Group upholds stringent health and safety standards across all construction sites to safeguard employees. Through regular safety morning briefings, site discussions, safety committees and awareness campaigns, we promote open communication and collaboration to support the effective implementation of safety measures. To strengthen safety awareness, we provide comprehensive training to construction site workers, including first aid, wound care, fire evacuation and chemical spill response training for emergency response team members.

Our proactive measures have yielded impressive results, with our accident rate at 8.39 per 1,000 workers, significantly lower than the industry average of 21.3 per 1,000 during the Reporting Period.

Accident Rate Performance



	FY2025/26	FY2024/25	FY2023/24
Number of work-related fatalities	1[13]	1	0
Work-related fatality rate[14]	0.013	0.014	0
Lost days due to work-related injuries	11,249	5,785	5,017

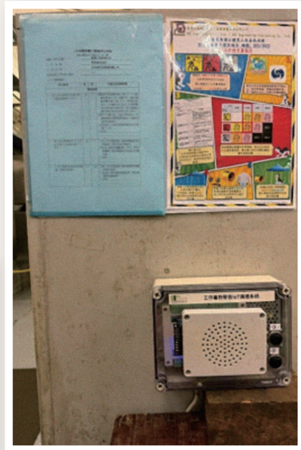
We continue to enhance workplace safety by aligning with evolving regulatory requirements and industry practices, while adopting smart safety technologies to strengthen our safety culture across operations.

13 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.

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

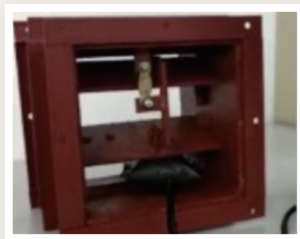
Smart Heat Stress Alert System

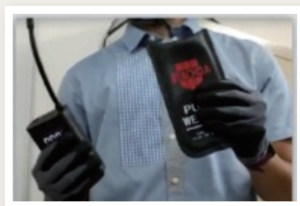
Faced with the growing frequency of extreme weather, the Group has independently developed the "Smart Heat Stress Alert System". Linked to official meteorological data through 4G IoT technology, the solution issues graded severe weather alerts and site-wide automated broadcasts, while releasing regular occupational safety reminders to strengthen frontline staff's risk awareness. By harnessing technology to optimise on-site risk management, the system drives worksite safety development from passive response to proactive prevention.



Adoption of Innovative Fire Damper Air Cushion System

To address the long-term operational risks arising from unexpected closure of fire dampers during maintenance, the Group has adopted an innovative "fire damper air cushion device". When inflated, it firmly supports damper panels to eliminate crushing hazards. Featuring adjustable sizing and quick deflation for compact storage, the equipment suits various fire damper specifications and comprehensively enhances safety protection for fire maintenance work.





Application of IoT Systems to Enhance Site Safety and Operational Efficiency

Long Bin Site implemented various IoT-enabled safety systems, including real-time temperature monitoring at charging stations, smart access control for lift shaft barriers and anti-collision sensors for lifting platforms, to strengthen site safety management and operational control. The project stood out among numerous competing projects under the "Construction Industry Safety Award Scheme 2024/2025", winning the "Gold Prize in the Building Sites (Public Sector) Category", the "Gold Prize in Outstanding Performance in Work-at-Height Safety Award", and the newly introduced "Gold Prize in Lifting Operation Safety Innovation Award" of this year.

Promotion of the CIC "Worker-Friendly Construction Site" Scheme

During the Reporting Period, the Group proactively participates in the Construction Industry Council's "Worker-Friendly Construction Site" Scheme, promoting a friendly workplace culture to create safe, tidy and caring working environments for workers. Six of the Group's construction sites have received the certification. Through multi-pronged measures including daily safety briefings, dedicated rest areas, on-site health check stations and regular promotional activities, project teams enhance workers' sense of safety and belonging, advancing the continuous improvement of construction site safety culture.

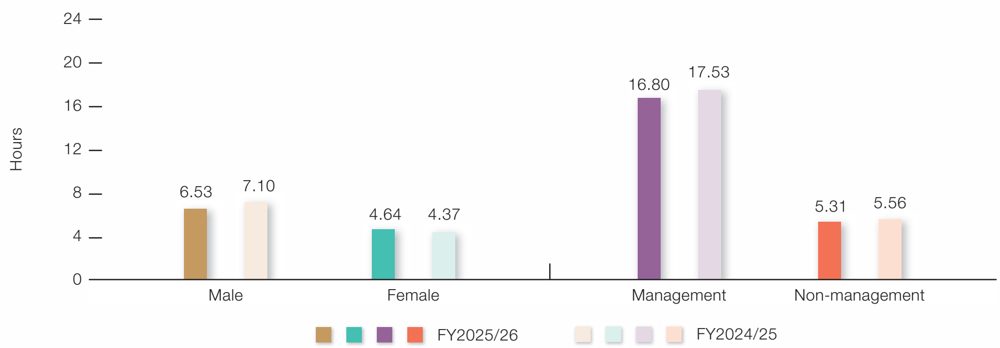
Cultivating Our Talents

Training and Development

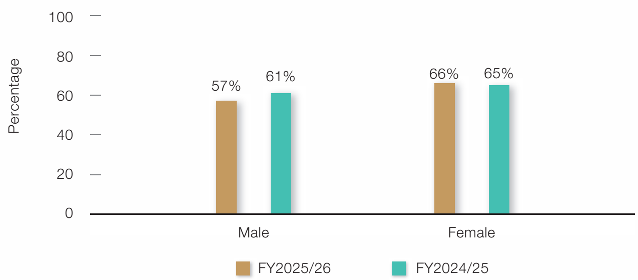
The Group is committed to advancing in tandem with our employees, fostering shared business progress and collective achievement. In this regard, the Group actively invests in the professional and personal development of its workforce, encouraging participation in both professional skills training programmes and personal development initiatives to cultivate a well-rounded and capable employee base.

During the Reporting Period, we provided a total of 27,329 training hours to our employees (FY2024/25: 29,316 hours). Our training performance is outlined below[15,16,17]:

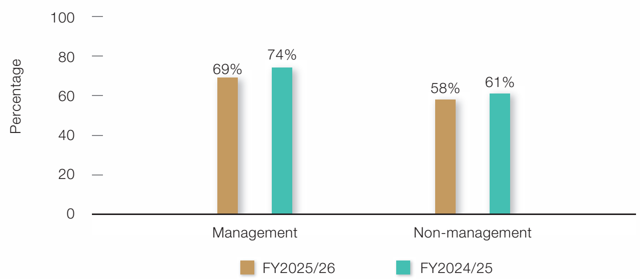
Average training hours completed per employee by gender and employment type



Training ratio by gender



Training ratio by employment type



15 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.

16 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%.

17 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.

Environmental, Social and Governance Report

To support employees' continuing education, the Group provides comprehensive further study subsidies to reduce financial pressure and facilitate ongoing professional upskilling. Meanwhile, the Group regularly organises varied learning activities that integrate professional expertise with practical work scenarios, strengthening staff's comprehensive job capabilities and supporting steady career growth. Moving forward, the Group will keep refining its talent development system to fully sustain the long-term growth of its workforce.

"Good Quality" Management Workshop

To continuously enhance engineering and service quality and deepen the corporate management culture, the Group successfully held the "Good Quality" Management Workshop during the Reporting Period. Led by senior management, the workshop shared practical cases and continuous improvement concepts, with training widely covering frontline engineering and management personnel, effectively strengthening employees' quality awareness and professional capabilities. The Group will continue to promote relevant training programmes to support employees' professional development.

Engineering Experience Sharing Session

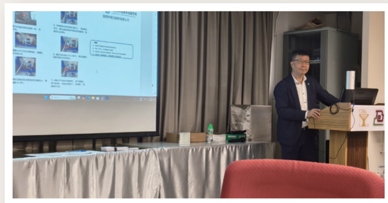
To facilitate internal professional exchange and knowledge transfer, the Group holds the "Engineering Experience Sharing Session" to share cutting-edge technologies and practical solutions with reference to industry trends, regulations and project cases. The Group fosters talent development and strengthens professional capabilities to elevate engineering management efficiency. It will continuously organise such sharing events to support employees in staying competitive amid industry changes and offering valuable references for daily operation.

AI Tools Usage Training Workshop

During the Reporting Period, YLW conducted the "AI Tools Usage Training Workshop", covering the operation of domestic AI tools and practical prompting methods. With theoretical guidance and hands-on practice, employees learnt to apply AI to daily paperwork and workflows, effectively improving professional skills and overall work efficiency.

ESG-Specific Training for Employees

During the Reporting Period, our subsidiary REC provided "ESG-Specific Training for Employees" to strengthen staff's sustainability awareness. Internal training covers environmental topics such as hydrogen fuel cells and EV chargers, while relevant personnel attend external courses on greenhouse gas verification and carbon management to enrich ESG expertise.



Employee Well-being

Diversity, Equity, Inclusion and Belonging

The Group is committed to cultivating a fair and equitable work environment that is free from all forms of discrimination, including but not limited to gender, race, religion, disability, marital and family status, sexual orientation, and other protected characteristics. All decisions pertaining to hiring, transfer and promotion strictly adhere to merit-based principles, with due consideration given to qualifications, experience and performance, as formally codified within the Group's Staff Handbook. Talent acquisition is conducted through a broad range of channels, encompassing online job portals, employee referral programmes and the Group's corporate website, thereby enriching the overall talent pool and reinforcing the Group's commitment to workforce diversity and inclusion.

Human Rights and Labour Standards

As a responsible employer, our "zero-tolerance" stance on forced and child labour exceeds baseline legal requirements under relevant applicable laws and regulations[18]. The Group's HR team rigorously verifies candidate documentation throughout the recruitment process to ensure full compliance with established policies, whilst mandatory rest periods are strictly enforced to safeguard employee well-being. Regular audits of hiring practices are conducted to maintain stringent adherence to international labour standards, proactively mitigating any risk of forced or child labour across the Group's operations. 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.

18 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.

Benefits and Compensation

The Group is committed to fostering an inclusive workplace culture that enhances talent retention and motivation across the organisation. The Group's compensation strategy comprises market-competitive remuneration packages, subject to regular benchmarking reviews, to ensure equitable and commensurate reward for talent at all levels. All full-time employees are entitled to a comprehensive range of benefits as set out in the Group's Staff Handbook, including public holidays, statutory holidays, sick leave, marriage leave, maternity leave, and examination and study leave.

The Group further leverages multiple communication platforms to facilitate meaningful employee engagement and ensure that the views and concerns of all employees are duly heard. Such channels include, but are not limited to, internal portal platforms, the Group's corporate website, employee newsletters, meetings, surveys and opinion boxes.

Promoting Workforce Connectivity

The annual "Movie Night" was successfully held during the Reporting Period, bringing together over a hundred employees and their family members. The event provided employees with an opportunity to relax and connect outside the workplace, helping to strengthen interpersonal relationships and team cohesion. It also reflected the Group's ongoing commitment to employee well-being and fostering a harmonious, people-centric workplace culture.

Enhancing Employee Development through Outdoor Experiential Training Activities

During the Reporting Period, YLW organised a series of outdoor experiential activities covering orienteering, team contests, rock climbing and water activities. These immersive programmes strengthened employees' resilience, communication proficiency and leadership competencies. By fostering mutual trust and collaboration through shared challenges, the initiative nurtures a cohesive team culture and supports holistic employee development.

Caring for Employees' Families

YLW organised a "summer parent-child activity", welcoming employees' children to tour the workplace and gain insights into corporate culture and industry expertise. With engaging interactive workshops and hands-on sessions, the event deepened connections between the enterprise and employees' families. It demonstrates the Group's sincere care for staff and their households, fostering a warm, people-oriented and inclusive workplace culture.

COMMUNITY CARE

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

Most Material Topic(s)
• N/A

As a socially responsible company, we are committed to advancing social well-being and supporting future generations through targeted community investment. Guided by our CSR Policy, we encourage employees to participate in volunteer initiatives that support vulnerable groups, while directing charitable contributions towards strategic areas of community need. During the Reporting Period, we donated a total of HK$313,000 to philanthropic causes including youth development and community welfare.

Innovation for Shared Impact

Advancing MiC through Technical Exchange

During the site visit to Kwu Tung North new development area, we exchanged technical insights with experts and professionals from the Housing Department and the University of Hong Kong on MiC applications, the four-day construction cycle, the BEANiE multifunctional blockchain platform for MiC lifecycle management, and the use of 4S monitoring system and Safety Rangers robots to support safe installation.

CIC Master Classes on System Thinking and Digital Leadership

The "CIC Master Classes on System Thinking and Digital Leadership" aims to strengthen participants' digital leadership capabilities and forward-looking decision-making. With the Group's sponsorship, participating employees enhanced their ability to apply holistic thinking, practical tools and real-world insights to address complex operational and digital transformation challenges in the construction industry, reinforcing the Group's innovation capacity, organisational resilience and long-term competitiveness.

Youth Development

Project RC – STEM Internship Program

The annual "Project RC – STEM Internship Program" is designed to foster future engineering talent by providing structured exposure to the engineering profession. Through cross-departmental rotations and practical learning opportunities, participants strengthen their technical capabilities, deepen industry understanding, and enhance their readiness for future careers.

Supporting the Needy

Happy Bags Delivery to Elderly 2025

During the Reporting Period, the Group participated in the "Happy Bag Delivery to Elderly 2025" initiative. Our volunteer team visited grassroots elder households and delivered care packages containing daily necessities and festive supplies, reflecting our ongoing commitment to supporting vulnerable groups and foresting a caring and inclusive community.

Participation in the Construction Industry Lo Pan Rice Campaign 2025

The Group participated in the "Construction Industry Lo Pan Rice Campaign 2025". Through meal distribution sessions, our volunteers helped distribute meal boxes to underprivileged communities, demonstrating our continued commitment to supporting vulnerable groups, encouraging employee volunteering, and sharing care with the wider community.

LOOKING FORWARD

Our commitment to product quality, safety, and sustainable resilience remains the cornerstone of our operation. To catalyse future growth, we are strategically scaling our green business initiatives and sustainable innovation pipeline, ensuring full alignment with Hong Kong's 2050 carbon neutrality roadmap. Under our core "Being an innovative green corporation" strategy, we leverage advanced technologies, including AI, digital construction and robotics, to drive institutional efficiency. While we continue to prioritise the stable, low-risk public works sector, we have bolstered our risk management frameworks regarding subcontractor oversight. This proactive approach allows us to navigate market volatility while reinforcing our long-standing leadership position within 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 Caused 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

Aspects	KPIs	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		
A1: Emissions		Operational Decarbonisation, Key Laws and Regulations
A2: Use of Resources		Operational Decarbonisation
A3: The Environment and Natural Resources		Operational Decarbonisation
B1: Employment		People Empowerment, Key Laws and Regulations
B2: Health and Safety		Occupational Health and Safety, Key Laws and Regulations
B3: Development and Training		Cultivating Our Talents
B4: Labour Standards		Human Rights and Labour Standards, Key Laws and Regulations
B5: Supply Chain Management		Responsible Supply Chain
B6: Product Responsibility		Building Excellence, Key Laws and Regulations
B7: Anti-corruption		Ethics and Integrity, Key Laws and Regulations
B8: Community Investment		Community Care
KPIs		
Emissions	A1.1	Climate Resilience – Metrics and Targets/Air and GHG Emissions
	A1.2	Repealed 1 January 2025
	A1.3	Waste Management
	A1.4	Waste Management
	A1.5	Operational Decarbonisation
	A1.6	Waste Management

Aspects	KPIs	Remarks and References
Use of Resources	A2.1	Energy
	A2.2	Water
	A2.3	Operational Decarbonisation
	A2.4	Water
	A2.5	Not relevant to our business
The Environment and Natural Resources	A3.1	Operational Decarbonisation
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	Human Rights and 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 Management
	B6.4	Innovation, Technology and Quality
	B6.5	Data Privacy and Cybersecurity

Aspects	KPIs	Remarks and References
Anti-corruption	B7.1	Ethics and Integrity
	B7.2	
	B7.3	
Community Investment	B8.1	Community Care
	B8.2	
Part D: Climate-related Disclosures		
(I) Governance	19	Sustainability Governance and Board's Oversight Climate Resilience – Governance Part D: 19(a)(iv) - The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policy.
(II) Strategy		
Climate-related risks and opportunities	20	Climate Resilience – Strategy
Business model and value chain	21	Climate Resilience – Strategy
Strategy and decision-making	22-23	Climate Resilience – Strategy

Aspects	KPIs	Remarks and References
Financial position, financial performance and cash flows	24-25	Climate Resilience – Strategy Part D: 24(a), 25(a), 25(b) - We have identified key climate-related risks and opportunities and disclosed their current and/or anticipated qualitative financial impacts. Given the high level of measurement uncertainty arising from data limitations and evolving climate science and methodologies, the resulting quantitative financial effects may not provide meaningful insights. We will continue to review the feasibility of disclosing such data as our business operations evolve. Part D: 24(b) - No significant risk of a material adjustment within the next annual Reporting Period.
Climate resilience	26	Climate Resilience – Strategy
(III) Risk Management	27	ESG Risk and Opportunity Management Climate Resilience – Risk Management
(IV) Metrics and Targets		
Greenhouse gas emissions	28-29	Climate Resilience – Metrics and Targets Energy, Air and GHG Emissions – Air and GHG Emissions Part D: 29(b)(iii) - No revisions to our climate-related targets were made during the Reporting Period.
Climate-related transition risks	30	Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future.
Climate-related physical risks	31	
Climate-related opportunities	32	
Capital deployment	33	
Internal carbon prices	34	Internal carbon pricing is currently not a part of our decision-making. We will explore the use of internal carbon pricing in the future.

Aspects	KPIs	Remarks and References
Remuneration	35	The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policies.
Industry-based metrics	36	N/A
Climate-related targets	37-40	Climate Resilience – Metrics and Targets Part D: 38(a), 38(d) - We will explore the feasibility of having our targets validated by a third party. No revisions have been made during the Reporting Period. Part D: 40(d) - At present, the GHG targets are not derived using a sectoral decarbonisation approach. Part D: 40(e) - We will explore the feasibility of purchasing high quality renewable energy certificates and carbon credits to offset GHG emissions in our operations.
Applicability of cross-industry metrics and industry-based metrics	41	Climate Resilience – Metrics and Targets Energy, Air and GHG Emissions – Air and GHG Emissions

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 102 to 178, comprise:

- the consolidated balance sheet as at 31 March 2026;
- 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 2026, 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"), as applicable to audits of financial statements of public interest entities. We have also 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 2026, the Group recognised revenue of HK$7,637,329,000 from contracts relating to the construction operating segment. 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 and the impact of fluctuations in construction costs on project profitability. 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 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 Matter (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 to gather audit evidence on contract sum, variations requested by customers and claims made by or against customers; • 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, 23 June 2026

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Revenue	5	10,922,441	9,623,007
Cost of sales	7	(10,475,059)	(9,488,066)
Gross profit		447,382	134,941
Other income and losses, net	6	13,703	474,609
Selling and distribution costs	7	(56,168)	(46,088)
Administrative expenses	7	(553,860)	(490,019)
Other operating expenses	7	(7,977)	(7,198)
Operating (loss)/profit		(156,920)	66,245
Finance costs	9	(43,826)	(55,972)
Share of loss of an associate	18	(1)	(1)
Share of loss of joint ventures	19	(8,189)	(6,941)
(Loss)/profit before income tax		(208,936)	3,331
Income tax credit/(expense)	10	4,380	(104,509)
Loss for the year		(204,556)	(101,178)
Attributable to:			
Equity holders of the Company		(203,774)	(98,884)
Non-controlling interests		(782)	(2,294)
		(204,556)	(101,178)
Dividend	11	–	10,951
Losses per share (basic and diluted)	12	HK(46.52) cents	HK(22.57) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	2026	2025
	HK$'000	*HK$'000*
Loss for the year	**(204,556)**	(101,178)
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Currency translation differences	**60,933**	(8,377)
Total comprehensive loss for the year	**(143,623)**	(109,555)
Attributable to:		
Equity holders of the Company	**(142,841)**	(107,261)
Non-controlling interests	**(782)**	(2,294)
Total comprehensive loss for the year	**(143,623)**	(109,555)

CONSOLIDATED BALANCE SHEET

As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	1,317,085	1,294,599
Investment properties	15	200,700	213,300
Other intangible assets	16	3,006	4,062
Goodwill	16	17,898	17,898
Associate	18	32	33
Joint ventures	19	38,712	44,477
Deferred income tax assets	26	19,404	16,749
Mortgage loans receivables	21(c)	7,553	9,066
		1,604,390	1,600,184
Current assets			
Cash and bank balances	20	1,128,528	770,225
Trade debtors, net	21(a)	1,228,239	1,090,240
Contract assets	23	2,204,513	2,107,738
Prepayments, deposits and other receivables	21(b)	351,902	261,324
Mortgage loans receivables	21(c)	1,520	1,428
Inventories	22	172,520	143,914
Completed properties held for sale	24	410,176	540,411
Due from joint operations	19	27,462	9,161
Due from other partners of joint operations	19	26,779	32,436
Prepaid income tax		14,614	14,170
		5,566,253	4,971,047
Total assets		7,170,643	6,571,231
Equity			
Share capital	29	87,611	87,611
Other reserves	30	437,344	376,411
Retained profits	30	708,205	911,979
Attributable to equity holders of the Company		1,233,160	1,376,001
Non-controlling interests		(6,674)	(5,892)
Total equity		1,226,486	1,370,109

Consolidated Balance Sheet

As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Liabilities			
Non-current liabilities			
Long-term borrowings	25	590,144	454,577
Deferred income tax liabilities	26	58,333	76,513
Other non-current liabilities	28(b)	6,749	18,140
		655,226	549,230
Current liabilities			
Short-term bank loans	25	2,574,990	1,961,581
Current portion of long-term borrowings	25	43,977	337,868
Payables to suppliers and subcontractors	27	789,695	929,635
Accruals, retention payables, deposits received and other liabilities	28(a)	1,206,358	958,756
Income tax payable		2,982	3,328
Contract liabilities	23	651,408	445,519
Due to joint operations	19	16,124	9,624
Due to other partners of joint operations	19	3,397	5,581
		5,288,931	4,651,892
Total liabilities		5,944,157	5,201,122
Total equity and liabilities		7,170,643	6,571,231

The consolidated financial statements on pages 102 to 178 were approved by the Board of Directors on 23 June 2026 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 2026

	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 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	–	–	–	–	–	–	(10,951)	(10,951)	–	(10,951)
2025 interim dividend	–	–	–	–	–	–	(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
As at 1 April 2025	87,611	413,776	359	(94,038)	55,366	948	911,979	1,376,001	(5,892)	1,370,109
Loss for the year	–	–	–	–	–	–	(203,774)	(203,774)	(782)	(204,556)
Other comprehensive income:										
Currency translation differences	–	–	–	60,933	–	–	–	60,933	–	60,933
As at 31 March 2026	87,611	413,776	359	(33,105)	55,366	948	708,205	1,233,160	(6,674)	1,226,486

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Cash flows from operating activities			
Net cash from/(used in) operations	31(a)	146,181	(261,751)
Hong Kong profits tax refunded		537	1,939
Hong Kong profits tax paid		(9,275)	(19,491)
Non-Hong Kong tax paid, net		(11,577)	(781)
Net cash from/(used in) operating activities		125,866	(280,084)
Cash flows from investing activities			
Purchase of property, plant and equipment		(104,057)	(170,589)
Proceeds from disposal of property, plant and equipment		827	20,728
Interest received		7,487	15,397
Net decrease in mortgage loan receivables		1,418	1,314
Net cash used in investing activities		(94,325)	(133,150)
Cash flows from financing activities	31(b)		
Repayment of bank loans		(214,324)	(125,261)
Drawdown of bank loans		669,409	580,781
Decrease/(increase) in restricted deposits		23,762	(7,805)
Capital element of lease payments		(18,423)	(21,414)
Interest element of lease payments		(1,728)	(1,954)
Dividend paid		–	(21,902)
Interest paid		(115,858)	(131,674)
Net cash from financing activities		342,838	270,771
Net increase/(decrease) in cash and cash equivalents		374,379	(142,463)
Cash and cash equivalents at beginning of year		718,646	861,811
Exchange gain/(loss) on cash and cash equivalents		7,686	(702)
Cash and cash equivalents at end of year		1,100,711	718,646
Analysis of cash and cash equivalents	20(b)		
Cash and bank balances		990,638	575,563
Time deposits		110,073	143,083
		1,100,711	718,646

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 23 June 2026.

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) Amended standard adopted by the Group

The Group has applied the following amendments to standard for the first time for its annual reporting period commencing on 1 April 2025:

Amendments to HKAS 21	Lack of Exchangeability

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended 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 2026 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to Contracts Referencing Nature-dependent Electricity	1 April 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 April 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to HKFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to Hong Kong Interpretation 5	Amendments to Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be 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, except for HKFRS 18 which will mainly impact the presentation in the consolidated statement of profit and loss and consolidated statement of cash flows. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

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 where 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 the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when 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. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

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 might 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 HKFRS Accounting Standards.

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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation 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 losses, net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of 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 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated income statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation 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 asset 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 the end of 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 proceeds with carrying amount and are recognised within "Other income and losses, 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 might 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 be recorded either in profit or loss or in 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 present subsequent changes in fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt instruments 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 of 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 ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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 losses, 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 is reported in the consolidated balance sheet where the Group currently 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 the 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, in which case they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting 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, demand 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 initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount 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 that 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, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

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 it 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 that 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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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.

The amendment did not have material impact on the Group's consolidated financial statements for the years ended 31 March 2026 and 2025.

2 Summary of material accounting policies (continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be 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 might 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.

2.19 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 payments 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;
- lease payments to be made under an extension option if the group is reasonably certain to exercise the 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 the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability 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 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 the consolidated income statement. 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 exchange 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 exchange risk

The Group mainly operates in Hong Kong, Macau, Singapore and Chinese Mainland. 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 2026, if Renminbi ("RMB") had strengthened/weakened by 5% against HK$ with all other variables held constant, the Group's pre-tax loss for the year would have been HK$4,108,000 (2025: pre-tax profit for the year would have been HK$2,457,000 higher/lower) lower/higher.

(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 2026, had interest rates been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been HK$26,618,000 higher/lower (2025: HK$22,720,000), 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 HK$'000	Lifetime expected credit loss HK$'000	Net carrying amount HK$'000
At 31 March 2026				
Not yet due	0%	3,335,021	–	3,335,021
1-30 days past due	0%	22,034	–	22,034
31-90 days past due	0%	44,059	(161)	43,898
91-180 days past due	0%	18,850	(57)	18,793
Over 180 days past due	53%	27,390	(14,384)	13,006
Total		3,447,354	(14,602)	3,432,752
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

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 2026, 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 2026 and 2025 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 2026, the Group held cash and bank deposits of HK$1,128,528,000 (2025: HK$770,225,000) and trade debtors, net of HK$1,228,239,000 (2025: HK$1,090,240,000) 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	Between 1 and 2 years	Between 2 and 5 years	After 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2026				
Short-term bank loans and interest thereon	**2,662,671**	**–**	**–**	**–**
Long-term borrowings and interest thereon	**64,828**	**234,537**	**382,543**	**–**
Lease liabilities	**18,019**	**5,048**	**1,979**	**–**
Payables to suppliers and subcontractors	**789,695**	**–**	**–**	**–**
Accruals, retention payables and other liabilities, excluding lease liabilities	**1,023,864**	**50,856**	**110,360**	**4,131**
Due to joint operations	**16,124**	**–**	**–**	**–**
Due to other partners of joint operations	**3,397**	**–**	**–**	**–**
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	–	–	–

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 2026 and 2025 were as follows:

	2026 ***HK$'000***	2025 *HK$'000*
Total borrowings *(Note 25)*	**3,209,111**	2,754,026
Lease liabilities *(Note 14(b))*	**23,896**	34,883
Less: Cash and bank balances *(Note 20)*	**(1,128,528)**	(770,225)
Net debt	**2,104,479**	2,018,684
Total equity	**1,226,486**	1,370,109
Total capital	**3,330,965**	3,388,793
Net debt to capital ratio	**0.63**	0.60

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. 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 of costs to be incurred for materials, staff costs, the amount of variation orders and claims.

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.

	2026 *HK$'000*	2025 *HK$'000*
Revenue		
Construction	7,637,329	7,235,373
Electrical and mechanical installation	2,925,280	2,249,964
Building materials supply	131,649	96,586
Property investment and development	139,958	23,723
Hotel operations	70,667	30
Others	17,558	17,331
	10,922,441	9,623,007

(b) Segment information

For the year ended 31 March 2026, 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$131,649,000 (2025: HK$96,586,000), property sales of HK$133,768,000 (2025: HK$18,772,000) and others of HK$14,806,000 (2025: HK$16,077,000), 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$76,857,000 (2025: HK$4,981,000).

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 2026							
Total revenue	7,696,875	3,791,176	1,307,240	139,962	70,667	149,337	13,155,257
Inter-segment and intra-segment revenue	(59,546)	(865,896)	(1,175,591)	(4)	–	(131,779)	(2,232,816)
External revenue	7,637,329	2,925,280	131,649	139,958	70,667	17,558	10,922,441
Segment results	(223,520)	59,248	60,224	(38,821)	(4,844)	(8,472)	(156,185)
Share of loss of an associate	–	(1)	–	–	–	–	(1)
Share of loss of joint ventures	–	–	(8,189)	–	–	–	(8,189)
	(223,520)	59,247	52,035	(38,821)	(4,844)	(8,472)	(164,375)
Unallocated expenses							(735)
Finance costs							(43,826)
Loss before income tax							(208,936)
Income tax credit							4,380
Loss for the year							(204,556)
At 31 March 2026							
Segment assets	3,251,415	1,538,087	721,896	657,180	762,309	154,498	7,085,385
Interests in an associate	–	7	–	–	–	25	32
Interests in joint ventures	–	–	38,712	–	–	–	38,712
Unallocated assets							46,514
Total assets							7,170,643
Segment liabilities	(1,333,005)	(1,155,809)	(130,020)	(28,415)	(12,614)	(13,434)	(2,673,297)
Bank loans							(3,209,111)
Unallocated liabilities							(61,749)
Total liabilities							(5,944,157)
Year ended 31 March 2026							
Capital expenditure	18,039	2,456	23,216	712	62,704	670	107,797
Depreciation	17,673	16,010	40,804	2,226	20,672	11,943	109,328
Amortisation of other intangible assets	–	1,056	–	–	–	–	1,056
Fair value loss on investment properties, net	–	–	–	12,600	–	–	12,600

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)

The analysis of revenue by geographical area is as follows:

	2026 HK$'000	2025 HK$'000
Hong Kong	10,395,374	9,241,924
Non-Hong Kong	527,067	381,083
	10,922,441	9,623,007

Revenue of approximately HK$6,389,504,000 (2025: HK$6,363,758,000) is derived from one (2025: two) major customer 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:

	2026 HK$'000	2025 HK$'000
Hong Kong	1,133,462	1,129,343
Non-Hong Kong	443,971	445,026
	1,577,433	1,574,369

6 Other income and losses, net

	2026 *HK$'000*	2025 *HK$'000*
Other income		
Bank interest income	7,487	15,397
Interest income from subcontractors	14	566
Sundry income	15,623	11,952
	23,124	27,915
Other (losses)/gains, net		
Relocation compensation gain *(Note)*	–	468,199
(Loss)/gain on disposal of property, plant and equipment, net	(240)	911
Fair value loss on investment properties, net *(Note 15)*	(12,600)	(26,234)
Exchange gain, net	3,419	3,818
	(9,421)	446,694
	13,703	474,609

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

	2026 *HK$'000*	2025 *HK$'000*
Cost of construction	7,663,808	6,949,053
Cost of inventories sold	1,027,912	1,024,528
Cost of properties sold *(Note 24)*	132,450	15,398
Staff costs (excluding directors' emoluments) *(Note 13)*	1,709,612	1,557,028
Directors' emoluments *(Note 36)*	27,921	29,454
Depreciation *(Note 14)*		
Owned property, plant and equipment	84,101	65,951
Leased property, plant and equipment	25,227	23,899
	109,328	89,850
Expenses relating to short-term leases of		
Land and buildings	2,395	2,101
Other equipment	201,976	192,844
	204,371	194,945
Amortisation of other intangible assets *(Note 16)*	1,056	1,056
Movement in loss allowance for trade debtors	5,654	(5,061)
Provision for properties held for sale *(Note 24)*	21,001	–
Write-back of provision for inventories	–	(43)
Auditors' remuneration		
– Audit services	5,269	5,229
– Non-audit services	588	518
Direct operating expenses arising from investment properties		
– Generate rental income	788	1,160
– Not generate rental income	64	94
Selling and distribution costs	56,168	46,088
Others	127,074	122,074
Total cost of sales, selling and distribution costs, administrative and other operating expenses	11,093,064	10,031,371

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 (2025: four) Directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments paid and payable to the remaining one (2025: one) highest-paid individual in 2026 were as follows:

	2026 *HK$'000*	2025 *HK$'000*
Salaries	2,804	2,340
Bonuses	290	858
Retirement benefits	148	108
	3,242	3,306

The emoluments fell within the following bands:

	Number of individuals	
	2026	2025
HK$3,000,001-HK$3,500,000	1	1

(b) During the years ended 31 March 2026 and 2025, 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 2026 and 2025:

	Number of individuals	
	2026	2025
HK$1,500,001-HK$2,000,000	1	1
HK$2,000,001-HK$2,500,000	1	1
HK$2,500,001-HK$3,000,000	2	2
HK$3,000,001-HK$3,500,000	2	2
	6	6

9 Finance costs

	2026 HK$'000	2025 HK$'000
Interest on short-term bank loans	86,108	97,158
Interest on long-term bank loans	29,750	34,516
Interest element of lease payments *(Note 14(b)(ii))*	1,728	1,954
Total borrowing costs incurred	117,586	133,628
Less: Classified as cost of construction	(73,760)	(77,656)
	43,826	55,972

10 Income tax (credit)/expense

	2026 HK$'000	2025 HK$'000
Hong Kong profits tax provision for the year	7,744	9,708
Non-Hong Kong tax provision for the year	11,786	39,977
(Over)/under-provision in prior years	(11)	25
Deferred income tax relating to the origination and reversal of temporary differences *(Note 26)*	(23,899)	54,799
	(4,380)	104,509

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2025: 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 Chinese Mainland are subject to corporate income tax ("CIT") rate of 25% (2025: 25%). Some subsidiaries operated in the Chinese Mainland 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% (2025: 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 (2025: 12%).

The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules. In respect of fiscal year commencing on or after 1 March 2025, Pillar Two Rules are effective and applicable in various jurisdictions in which the Company, its subsidiaries and joint venture operate, such as Hong Kong and Chinese Mainland. In particular, the enactment of Hong Kong minimum top-up tax and Income Inclusion Rule in Hong Kong and applicable to the Company has brought the whole of the Group under the scope of Pillar Two in respect of the year ended 31 March 2026. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group has conducted relevant assessments and no provision for top-up tax is required in respect of the year ended 31 March 2026.

10 Income tax (credit)/expense (continued)

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

	2026 HK$'000	2025 HK$'000
(Loss)/profit before income tax	(208,936)	3,331
Share of loss of an associate and joint ventures	8,190	6,942
	(200,746)	10,273
Calculated at a taxation rate of 16.5% (2025: 16.5%)	(33,123)	1,695
Effect of different tax rates in other tax jurisdiction	(9,446)	(7,058)
Income not subject to taxation	(5,862)	(3,387)
Expenses not deductible for taxation purposes	3,396	4,499
Temporary differences not recognised	(76)	(210)
Tax losses not recognised	54,412	91,961
Recognition of previously unrecognised tax losses	(8,562)	(22,409)
Utilisation of previously unrecognised tax losses	(4,510)	(30,244)
(Over)/under-provision in prior years	(11)	25
Others	(598)	(1,394)
	(4,380)	33,478
Effect of different tax rate for relocation compensation gain	-	71,031
Income tax (credit)/expense	(4,380)	104,509

11 Dividend

	2026	2025
	HK$'000	*HK$'000*
Interim dividend paid during the year		
Interim – Nil (2025: HK2.50 cents) per ordinary share	**–**	10,951

In the Board meeting held on 23 June 2026, the Directors did not recommend the declaration of final dividend for the year ended 31 March 2026 (2025: Nil) in order to retain more cash for funding future projects.

12 Losses per share (basic and diluted)

The calculation of losses per share is based on:

	2026	2025
	HK$'000	*HK$'000*
Net loss attributable to the equity holders of the Company	**(203,774)**	(98,884)

	2026	2025
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600
Basic losses per share	**HK(46.52) cents**	HK(22.57) cents

Diluted losses per share for the years ended 31 March 2026 and 2025 are equal to basic losses per share as there are no potential dilutive shares in issue during the years.

13 Staff costs (excluding directors' emoluments)

	2026	2025
	HK$'000	*HK$'000*
Salaries, wages and bonuses	**1,627,106**	1,477,974
(Reversal of provision)/provision for unutilised annual leave	**(2,247)**	1,588
Long service payments and pension costs	**82,902**	76,583
Termination benefits	**1,851**	883
	1,709,612	1,557,028

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 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
Year ended 31 March 2026										
Opening net book value	**453,824**	**397,122**	**52,075**	**32,491**	**11,329**	**79,282**	**34,147**	**19,818**	**214,511**	**1,294,599**
Additions	**–**	**2,411**	**–**	**3,740**	**16,842**	**18,953**	**33,444**	**3,769**	**28,638**	**107,797**
Disposals	**–**	**–**	**–**	**(21)**	**–**	**(618)**	**(224)**	**(204)**	**–**	**(1,067)**
Transfer	**–**	**–**	**–**	**–**	**200,078**	**–**	**43,071**	**–**	**(243,149)**	**–**
Lease modification	**–**	**–**	**–**	**3,636**	**–**	**–**	**–**	**–**	**–**	**3,636**
Depreciation *(Note 7)*	**(2,954)**	**(26,523)**	**(1,756)**	**(17,577)**	**(11,645)**	**(19,463)**	**(21,939)**	**(7,471)**	**–**	**(109,328)**
Currency translation differences	**–**	**15,534**	**2,996**	**46**	**–**	**1,849**	**788**	**235**	**–**	**21,448**
Closing net book value	**450,870**	**388,544**	**53,315**	**22,315**	**216,604**	**80,003**	**89,287**	**16,147**	**–**	**1,317,085**
At 31 March 2026										
Cost	**490,993**	**666,152**	**79,758**	**99,205**	**315,544**	**277,433**	**216,233**	**60,971**	**–**	**2,206,289**
Accumulated depreciation	**(40,123)**	**(277,608)**	**(26,443)**	**(76,890)**	**(98,940)**	**(197,430)**	**(126,946)**	**(44,824)**	**–**	**(889,204)**
Net book value	**450,870**	**388,544**	**53,315**	**22,315**	**216,604**	**80,003**	**89,287**	**16,147**	**–**	**1,317,085**

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$504,253,000 (2025: HK$513,974,000) (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:

	2026 *HK$'000*	2025 *HK$'000*
Right-of-use assets		
Hotel property	359,337	359,778
Leasehold land	99,803	105,069
Land use rights	53,315	52,075
Leased properties	22,315	32,491
Motor vehicles	–	701
	534,770	550,114
Lease liabilities		
Current (included in accruals, retention payables, deposits received and other liabilities)	17,147	16,743
Non-current (included in other non-current liabilities)	6,749	18,140
	23,896	34,883

Additions to the right-of-use assets during the year ended 31 March 2026 were HK$3,740,000 (2025: HK$6,711,000).

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:

	2026 *HK$'000*	2025 *HK$'000*
Depreciation charge of right-of-use assets		
Hotel property	440	440
Leasehold land	5,265	5,265
Land use rights	1,756	1,738
Leased properties	17,577	16,172
Motor vehicles	189	284
	25,227	23,899
Interest expense (included in cost of sales and finance costs) *(Note 9)*	1,728	1,954
Expense relating to short-term leases *(Note 7)*	204,371	194,945

The total cash outflow for leases during the year ended 31 March 2026 was HK$224,522,000 (2025: HK$218,313,000).

15 Investment properties

	2026 *HK$'000*	2025 *HK$'000*
Beginning of year	213,300	263,934
Transfer to property, plant and equipment *(Note 14)*	–	(24,400)
Fair value loss recognised in the consolidated income statement, net *(Note 6)*	(12,600)	(26,234)
End of year	200,700	213,300

Valuation process

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31 March 2026 and 2025 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 2026 by CBRE Advisory Hong Kong 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.

15 Investment properties (continued)

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.

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

		Fair value				
Location	**Description**	**2026** *HK$'000*	2025 *HK$'000*	**Valuation Techniques**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
Hong Kong	Residential units/ retail shops	**187,900**	199,900	Direct comparison	Comparable sales price – HK$6,186 to HK$51,724 per square feet (2025: HK$6,380 to HK$45,379 per square feet)	The higher the comparable sales price, the higher the fair value
Macau	Commercial unit	**12,800**	13,400	Direct comparison	Comparable sales price – HK$6,250 to HK$8,437 per square feet (2025: HK$8,682 to HK$10,189 per square feet)	The higher the comparable sales price, the higher the fair value
		200,700	213,300			

Investment properties amounting to HK$49,800,000 (2025: HK$54,000,000) 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 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
Year ended 31 March 2026			
Opening net book value	**17,898**	**4,062**	**21,960**
Amortisation *(Note 7)*	**–**	**(1,056)**	**(1,056)**
Closing net book value	**17,898**	**3,006**	**20,904**
At 31 March 2026			
Cost	**17,898**	**21,837**	**39,735**
Accumulated amortisation	**–**	**(18,831)**	**(18,831)**
Net book value	**17,898**	**3,006**	**20,904**

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 (2025: 6% to 7%);

(ii) revenue growth rate ranging from 1% to 2% per annum (2025: 1% to 2%); and

(iii) discount rate of 11% per annum (2025: 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 2026:

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%
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**	Chinese Mainland	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%
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%

** the subsidiary is registered as a Sino-foreign Equity Joint Venture under the People's Republic of China ("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 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%
Yau Lee Construction Company Limited	Hong Kong	HK$936,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction Management Company Limited	Hong Kong	HK$2	Project management & consultancy services	–	100%	100%

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 Curtain Wall and Steel Works Limited	Hong Kong	HK$25,000,000	Curtain wall installation	–	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%
有利華建材(惠州)有限公司*	Chinese Mainland	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*	Chinese Mainland	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*	Chinese Mainland	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*	Chinese Mainland	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*	Chinese Mainland	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*	Chinese Mainland	US$13,920,000	Engineering services	–	100%	100%
利華泰建材貿易(深圳)有限公司*	Chinese Mainland	HK$2,100,000	Trading of building materials	–	100%	100%
盈電環保節能科技(廣州)有限公司*	Chinese Mainland	RMB6,500,000	Trading of environmental technology products	–	100%	100%
緯衡浩建科技(深圳)有限公司*	Chinese Mainland	HK$3,000,000	Computer software development	–	100%	100%

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

18 Associate

	2026	2025
	HK$'000	*HK$'000*
Beginning of year	**33**	34
Share of loss	**(1)**	(1)
End of year	**32**	33

(a) The following are the details of the Group's associate at 31 March 2026 and 2025:

Name	**Particulars of issued share capital**	**Place of incorporation**	**Interest held**	
			2026	2025
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 inactive as at 31 March 2026.

19 Joint arrangements

	2026	2025
	HK$'000	*HK$'000*
Investments in joint ventures		
Beginning of year	**44,477**	51,936
Share of loss	**(8,189)**	(6,941)
Currency translation differences	**2,424**	(518)
End of year	**38,712**	44,477
Due from joint operations *(Note (f))*	**27,462**	9,161
Due from other partners of joint operations *(Note (f))*	**26,779**	32,436
Due to joint operations *(Note (f))*	**(16,124)**	(9,624)
Due to other partners of joint operations *(Note (f))*	**(3,397)**	(5,581)

19 Joint arrangements (continued)

(a) The following is a list of the Group's joint ventures at 31 March 2026 and 2025:

Name	Particulars of registered/issued share capital	Place of incorporation	Effective interest 2026	2025
江蘇益建拓華智能建築科技有限公司*(Note (b))*	RMB100,000,000	Chinese Mainland	**35%**	35%
湖北廣盛建築產業化科技有限公司*(Note (d))*	RMB100,000,000	Chinese Mainland	**40%**	40%
河南安華建築科技有限公司 *(Note (c))*	RMB100,000,000	Chinese Mainland	**40%**	40%
濰坊三建建材科技有限公司 *(Note (d))*	RMB100,000,000	Chinese Mainland	**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 2026 and 2025:

Name	Place of establishment	Principal activities	Effective interest	
			2026	2025
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%
HSK–RCJV	Hong Kong	Electrical and mechanical services	50%	–
NTM–CRAJV	Hong Kong	Electrical and mechanical services	35%	–

(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

	2026 *HK$'000*	2025 *HK$'000*
Cash and bank balances	**990,638**	575,563
Time deposits	**110,073**	143,083
Restricted deposits *(Note (a))*	**27,817**	51,579
	1,128,528	770,225

(a) Restricted deposits of HK$27,817,000 (2025: HK$51,579,000) 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:

	2026 *HK$'000*	2025 *HK$'000*
Cash and bank balances	**990,638**	575,563
Time deposits with original maturity of less than three months	**110,073**	143,083
	1,100,711	718,646

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

	2026 *HK$'000*	2025 *HK$'000*
Hong Kong dollars	**931,677**	613,045
Renminbi	**191,590**	137,809
Singapore dollars	**3,089**	5,296
Macau Patacas	**1,609**	2,898
Euro	**55**	5,918
Japanese yen	**–**	4,872
Other currencies	**508**	387
	1,128,528	770,225

(d) Interest rates of time deposits and restricted deposits ranged from 0.50% to 2.20% (2025: 0.10% to 4.50%) per annum.

21 Trade and other receivables

(a) Trade debtors, net

	2026 *HK$'000*	2025 *HK$'000*
Trade debtors	548,888	566,979
Retention receivables	693,953	565,191
Loss allowance	(14,602)	(41,930)
	1,228,239	1,090,240

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

	2026 *HK$'000*	2025 *HK$'000*
Current	1,130,508	940,279
1-30 days	22,034	72,084
31-90 days	43,898	40,972
91-180 days	18,793	12,827
Over 180 days	13,006	24,078
	97,731	149,961
	1,228,239	1,090,240

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:

	2026 HK$'000	2025 HK$'000
Beginning of year	41,930	47,045
Movement in loss allowance	5,654	(5,061)
Written-off of impaired receivables	(33,183)	–
Currency translation differences	201	(54)
End of year	14,602	41,930

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

	2026 HK$'000	2025 HK$'000
Hong Kong dollars	1,182,750	979,159
Renminbi	45,489	77,464
Macau Patacas	–	33,077
Singapore dollars	–	434
United States dollars	–	106
	1,228,239	1,090,240

(b) Prepayments, deposits and other receivables

	2026 HK$'000	2025 HK$'000
Advances to subcontractors	193,286	120,156
Prepayments and deposits	76,325	74,174
Other receivables	82,291	66,994
	351,902	261,324

The Group's prepayments, deposits and other receivables are mainly denominated in Hong Kong dollars and Renminbi. The advances to subcontractors are interest free and have no fixed terms of repayment (2025: except an amount of HK$44,367,000 which carries interest ranging from 4.0% to 9.9% per annum).

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

21 Trade and other receivables (continued)

(c) Mortgage loans receivables

	2026 HK$'000	2025 HK$'000
Mortgage loans receivables	9,063	10,481
Interest receivable	10	13
	9,073	10,494
Included in:		
Non-current	7,553	9,066
Current	1,520	1,428
	9,073	10,494

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 2026 and 2025, none of loan and interest receivables were past due or impaired.

22 Inventories

	2026 HK$'000	2025 HK$'000
Raw materials	125,880	89,550
Finished goods	41,062	47,874
Others	5,578	6,490
	172,520	143,914

23 Contract assets and contract liabilities

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

	2026 *HK$'000*	2025 *HK$'000*
Contract assets related to		
Construction contracts and electrical and mechanical installation contracts	2,204,513	2,107,738
Contract liabilities related to		
Construction contracts and electrical and mechanical installation contracts	643,637	444,330
Others	7,771	1,189
	651,408	445,519

(i) Revenue recognised in relation to contract liabilities

Revenue of HK$192,174,000 (2025: HK$331,215,000) 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$1,537,708,000 (2025: HK$1,346,060,000) 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 2026, 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$26,957,452,000 (2025: HK$36,375,747,000). The amounts expected to be recognised within 1 year is HK$8,956,687,000 (2025: HK$9,842,644,000) 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

	2026 HK$'000	2025 HK$'000
Beginning of year	540,411	112,326
Additions	–	445,816
Property sold *(Note 7)*	(132,450)	(15,398)
Provision *(Note 7)*	(21,001)	–
Currency translation differences	23,216	(2,333)
End of year	410,176	540,411

25 Borrowings

	2026 HK$'000	2025 HK$'000
Non-current		
Long-term bank loans – secured	590,144	454,577
Current		
Short-term bank loans – secured *(Note (f))*	2,574,990	1,961,581
Current portion of long-term bank loans – secured	43,977	337,868
	2,618,967	2,299,449
Total borrowings	3,209,111	2,754,026

(a) The maturity of borrowings is as follows:

	2026 HK$'000	2025 HK$'000
Within 1 year	2,618,967	2,299,449
After 1 year but within 2 years	217,400	99,577
After 2 years but within 5 years	372,744	355,000
	3,209,111	2,754,026

25 Borrowings (continued)

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

	2026 %	2025 %
Short-term bank loans	**3.4**	4.9
Long-term bank loans	**3.4**	5.1

(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 a term loan (HK$300 million) which will be due in next two to three years under the repayment schedule in the loan agreement. The term loan was 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 bank will exercise the clause.

26 Deferred income tax

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

	2026 *HK$'000*	2025 *HK$'000*
Beginning of year	(59,764)	(5,291)
Credited/(charged) to consolidated income statement *(Note 10)*	23,899	(54,799)
Currency translation differences	(3,064)	326
End of year	(38,929)	(59,764)

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)	2026 *HK$'000*	2025 *HK$'000*	2026 *HK$'000*	2025 *HK$'000*	2026 *HK$'000*	2025 *HK$'000*	2026 *HK$'000*	2025 *HK$'000*	2026 *HK$'000*	2025 *HK$'000*
Beginning of year	32,414	9,843	(551)	(726)	(13,821)	(13,053)	(77,806)	(1,355)	(59,764)	(5,291)
Credited/(charged) to consolidated income statement	13,024	22,633	174	175	(17,590)	(1,156)	28,291	(76,451)	23,899	(54,799)
Currency translation differences	710	(62)	–	–	(119)	388	(3,655)	–	(3,064)	326
End of year	46,148	32,414	(377)	(551)	(31,530)	(13,821)	(53,170)	(77,806)	(38,929)	(59,764)

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:

	2026 HK$'000	2025 HK$'000
Deferred income tax assets	19,404	16,749
Deferred income tax liabilities	(58,333)	(76,513)

At 31 March 2026, temporary differences relating to the undistributed profits of the subsidiaries in the Chinese Mainland amounted to HK$300,332,000 (2025: HK$244,362,000). Deferred tax liabilities of HK$30,033,000 (2025: HK$24,436,000) 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 Chinese Mainland 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$1,584,780,000 (2025: HK$1,450,285,000) to carry forward against future taxable income.

	2026 HK$'000	2025 HK$'000
With no expiry date	1,363,603	1,385,041
Expiring not later than one year	2,023	2,091
Expiring later than one year and not later than ten years	219,154	63,153
	1,584,780	1,450,285

27 Payable to suppliers and subcontractors

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

	2026	2025
	HK$'000	*HK$'000*
Current	**663,127**	843,637
1-30 days	**100,752**	72,229
31-90 days	**6,904**	5,915
91-180 days	**11,914**	2,595
Over 180 days	**6,998**	5,259
	126,568	85,998
	789,695	929,635

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

	2026	2025
	HK$'000	*HK$'000*
Hong Kong dollars	**713,118**	880,051
Renminbi	**68,833**	39,563
Euro	**7,262**	9,812
United States dollars	**318**	–
Singapore dollars	**151**	138
Others	**13**	71
	789,695	929,635

28 Other payables

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

	2026 HK$'000	2025 HK$'000
Retention payables	496,409	404,845
Other deposits	21,210	18,994
Due to non-controlling interests *(Note)*	15,785	15,785
Lease liabilities *(Note 14(b)(i))*	17,147	16,743
Others	655,807	502,389
	1,206,358	958,756

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

(b) Other non-current liabilities

	2026 HK$'000	2025 HK$'000
Lease liabilities *(Note 14(b)(i))*	6,749	18,140

29 Share capital

	Number of shares		Amount	
	2026	2025	2026 HK$'000	2025 HK$'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 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	–	–	–	–	–	–	(10,951)
2025 interim dividend	–	–	–	–	–	–	(10,951)
As at 31 March 2025	413,776	359	(94,038)	55,366	948	376,411	911,979
As at 1 April 2025	**413,776**	**359**	**(94,038)**	**55,366**	**948**	**376,411**	**911,979**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(203,774)**
Other comprehensive income:							
Currency translation differences	**–**	**–**	**60,933**	**–**	**–**	**60,933**	**–**
As at 31 March 2026	**413,776**	**359**	**(33,105)**	**55,366**	**948**	**437,344**	**708,205**

31 Notes to consolidated cash flow statement

(a) Reconciliation of operating (loss)/profit to net cash from/(used in) operations

	2026 *HK$'000*	2025 *HK$'000*
Cash flows from operating activities		
Operating (loss)/profit	(156,920)	66,245
Interest income	(7,501)	(15,963)
Interest expense	73,760	77,656
Loss/(gain) on disposal of other property, plant and equipment	240	(911)
Fair value loss on investment properties, net	12,600	26,234
Relocation compensation gain	–	(468,199)
Amortisation of intangible assets	1,056	1,056
Depreciation	109,328	89,850
Movement in loss allowance for trade debtors	5,654	(5,061)
Write-back of provision for inventories	–	(43)
Provision for properties held for sale	21,001	–
Loss on derivative financial liabilities	–	25
Operating profit/(loss) before working capital changes	59,218	(229,111)
Trade debtors, net	(144,056)	(215,717)
Inventories	(19,568)	931
Prepayments, deposits and other receivables	(87,837)	(10,093)
Contract assets	(90,673)	(235,596)
Completed properties held for sale	132,450	15,398
Net change in balances with joint operations/ other partners of joint operations	(8,328)	(16,800)
Payables to suppliers and subcontractors	(142,457)	324,480
Accruals, retention payables, deposit received and other liabilities	243,611	257,048
Contract liabilities	203,821	(152,291)
Net cash from/(used in) operations	146,181	(261,751)

31 Notes to consolidated cash flow statement (continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
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
Balance at 1 April 2025	**2,754,026**	**34,883**	**2,788,909**
Repayment of bank loans	**(214,324)**	**–**	**(214,324)**
Drawdown of bank loans	**669,409**	**–**	**669,409**
Accrued interest	**115,858**	**1,728**	**117,586**
Interest paid	**(115,858)**	**(1,728)**	**(117,586)**
Capital element of lease payments	**–**	**(18,423)**	**(18,423)**
Inception of leases *(Note (c))*	**–**	**3,740**	**3,740**
Lease modification	**–**	**3,636**	**3,636**
Currency translation differences	**–**	**60**	**60**
Balance at 31 March 2026	**3,209,111**	**23,896**	**3,233,007**

(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$3,740,000 (2025: HK$6,708,000).

32 Banking facilities

As at 31 March 2026, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$5,020,285,000 (2025: HK$5,737,481,000), of which HK$4,206,798,000 (2025: HK$3,711,358,000) had been utilised. These banking facilities are secured by the following:

(a) Restricted deposits of HK$27,817,000 (2025: HK$51,579,000) (Note 20);

(b) Guarantees of HK$5,020,285,000 (2025: HK$5,737,481,000) provided by the Company;

(c) Trade receivables of certain construction contracts; and

(d) Property, plant and equipment of HK$504,253,000 (2025: HK$513,974,000) and investment properties of HK$49,800,000 (2025: HK$54,000,000) (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 2026, 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$1,298,048,000 (2025: HK$1,190,779,000) in favour of the Group's customers.

(c) As at 31 March 2026, the Group has capital expenditure contracted for but not yet incurred in relation to joint ventures of approximately RMB26,036,000 (2025: RMB26,036,000).

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:

	2026	2025
	HK$'000	*HK$'000*
Within one year	**6,856**	5,323
One year to five years	**5,773**	7,739
	12,629	13,062

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

	2026	2025
	HK$'000	*HK$'000*
Revenue from sales of goods to joint ventures *(Note (a))*	**856**	54
Insurance expenses paid to an associate *(Notes (a) and (b))*	**9,751**	8,841

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

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

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:

	2026	2025
	HK$'000	*HK$'000*
Salaries and fees	**25,813**	25,813
Discretionary bonuses	**919**	2,452
Pension costs – defined contribution scheme	**1,124**	1,124
Others	**65**	65
	27,921	29,454

36 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

Name	Fees	Salaries	Discretionary bonuses	Estimated money value of other benefits	Employer's contribution to retirement benefit scheme	Total
		(Note (i))		*(Note (ii))*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2026						
Mr. Wong Ip Kuen	–	10,530	–	38	486	11,054
Ir. Dr. Wong Tin Cheung	–	5,499	339	9	254	6,101
Dr. Wong Rosana Wai Man	–	4,964	–	9	228	5,201
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	919	65	1,124	27,921
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

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.

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 2026 (2025: 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 2026 (2025: 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 2026 (2025: 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 14 May 2025, 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$5,471,000 for the service from 1 June 2025 to 31 May 2026.

On 14 May 2025, 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$3,527,000 for the service from 1 June 2025 to 31 May 2026.

On 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 for the service from 1 April 2025 to 31 March 2026.

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 2026.

37 Financial instruments by category

The Group holds the following financial instruments:

	2026 *HK$'000*	2025 *HK$'000*
Financial assets		
Financial assets at amortised cost		
Cash and bank balances	1,128,528	770,225
Trade debtors, net	1,228,239	1,090,240
Contract assets	2,204,513	2,107,738
Deposits and other receivables	321,714	233,104
Mortgage loans receivables	9,073	10,494
Due from joint operations	27,462	9,161
Due from other partners of joint operations	26,779	32,436
	4,946,308	4,253,398
Financial liabilities		
Financial liabilities at amortised cost		
Borrowings	3,209,111	2,754,026
Payables to suppliers and subcontractors	789,695	929,635
Accruals, retention payables, deposits received and other liabilities	1,213,107	976,896
Contract liabilities	651,408	445,519
Due to joint operations	16,124	9,624
Due to other partners of joint operations	3,397	5,581
	5,882,842	5,121,281

38 Balance sheet and reserve movement of the Company

Balance sheet of the Company

As at 31 March 2026

		2026 *HK$'000*	2025 *HK$'000*
Assets			
Non-current asset			
Subsidiaries		671,615	571,615
Current assets			
Cash and bank balances		22,771	26,298
Prepayments, deposits and other receivables		517	332
Due from subsidiaries		1,455,890	2,307,882
Prepaid income tax		2,955	2,216
		1,482,133	2,336,728
Total assets		2,153,748	2,908,343
Equity			
Share capital		87,611	87,611
Other reserves	*Note*	414,135	414,135
Retained profits	*Note*	960,947	962,451
Total equity		1,462,693	1,464,197
Liabilities			
Current liabilities			
Accruals and other liabilities		2,433	2,187
Due to subsidiaries		688,622	1,441,959
Total liabilities		691,055	1,444,146
Total equity and liabilities		2,153,748	2,908,343

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

Note: Reserve movement of the Company

For the year ended 31 March 2026

	Other reserves			
	Share premium	**Capital redemption reserve**	**Total**	**Retained profits**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
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
At 1 April 2025	**413,776**	**359**	**414,135**	**962,451**
Loss attributable to equity holders of the Company	**–**	**–**	**–**	**(1,504)**
At 31 March 2026	**413,776**	**359**	**414,135**	**960,947**

39 Summary of other potentially material accounting policies

39.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred;
- the liabilities incurred to the former owners of the acquired business;
- the equity interests issued by the group;
- the fair value of any asset or liability resulting from a contingent consideration arrangement; and
- the fair value of any pre-existing equity interest in the subsidiary.

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 acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred;
- the amount of any non-controlling interest in the acquired entity; and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

39 Summary of other potentially material accounting policies (continued)

39.2 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.

39.3 Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each 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 losses, 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.

39.4 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset 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 or 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.

39.5 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).

39.6 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 consolidated income statement 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 a renewed term of 10 years commencing on 1 June 2025	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

	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	2025 *HK$'000*	**2026** ***HK$'000***
Revenue	6,732,944	6,685,961	7,811,653	9,623,007	**10,922,441**
Profit/(loss) before income tax	85,534	67,525	86,312	3,331	**(208,936)**
Income tax (expense)/credit	(19,531)	(19,553)	(20,511)	(104,509)	**4,380**
Less: loss attributable to non-controlling interests	(2,183)	(1,664)	(1,292)	(2,294)	**(782)**
Profit/(loss) attributable to equity holders of the Company	68,186	49,636	67,093	(98,884)	**(203,774)**

Consolidated assets and liabilities

As at 31 March

	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	2025 *HK$'000*	**2026** ***HK$'000***
Total assets	4,737,458	4,850,659	5,726,115	6,571,231	**7,170,643**
Total liabilities and non-controlling interests	(3,195,983)	(3,344,350)	(4,220,951)	(5,195,230)	**(5,937,483)**
Shareholders' equity	1,541,475	1,506,309	1,505,164	1,376,001	**1,233,160**

The above financial summary is extracted from the audited consolidated financial statements of the Group.