上諭集團控股有限公司

SHEUNG YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1633

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Chan Lap Wai Gary
Mr. Chan Lap Chuen Edmond
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

AUDIT COMMITTEE
Mr. Cheng Chi Hung
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Wong Yip Kong

REMUNERATION COMMITTEE
Mr. Wong Yip Kong
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung

NOMINATION COMMITTEE
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

AUTHORISED REPRESENTATIVES
Mr. Chan Lap Wai Gary
Mr. Lui Shun Wa Alexander

COMPANY SECRETARY
Mr. Lui Shun Wa Alexander

AUDITOR
Elite Partners CPA Limited

LEGAL ADVISER
D. S. Cheung & Co.

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE IN THE CAYMAN ISLANDS
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 103-105, 1/F
New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

WEBSITE
www.simonandsons.com.hk

STOCK CODE
1633

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Sheung Yue Group Holdings Limited (the "**Company**"), it gives me great pleasure to present you the audited financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2023 (the "**Reporting Period**").

The Group has over 52 years of experience in the provision of foundation works and ancillary services in Hong Kong and Macau. We are a well-established contractor with job references both in large scale infrastructure projects and in housing and commercial buildings development in both private and public sectors. The commitment of our strong and dedicated management team to provide quality work and service has played a vital role in building up the Group's reputation for its excellence in expertise and experience.

Looking forward, Hong Kong economy is expected to improve steadily with the re-opening of border and removal of quarantine restriction. Since the start of 2023, the relaxation of COVID-19 restrictions has enabled the Group to resume and increase its activities with its business partners and suppliers in China. With the Hong Kong government's commitment in addressing the shortage of public housing issues through the plan to build 30,000 "Light Public Housing" in the coming five years as well as the phased implementation of large scale government-led infrastructure project such as the Northern Metropolis, it is expected that the demand for construction and foundation works will be driven up, providing a steady stream of business and a favourable environment for the Group to continue to develop its principal businesses in the future.

Riding on the new opportunities as they emerge, the Directors are positive and have strong faith that the Group will be able to keep up the positive financial performance it has yielded during the Reporting Period in the coming financial year. The Group will continue to keep abreast of market developments and act prudently in evaluating potential business opportunities to drive the continuous business development, broaden the sources of revenue and maximise the return to our shareholders.

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our shareholders, customers and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and contributions in the past year.

The Board declares no final dividend for the year under review.

Mr. Chan Lap Wai Gary
Chairman

Hong Kong, 30 June 2023

BUSINESS REVIEW

During the year ended 31 March 2023 (the "**Year**"), the Group was engaged in the provision of foundation works in Hong Kong and Macau. The scope of foundation works undertaken by us mainly includes piling construction, ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 31 March 2023, there are 9 projects on hand with total contract sum amounting to approximately HK$512,129,000. Six projects are expected to be completed in the forthcoming financial year. Subsequent to the financial year end, the Group was awarded two foundation projects with contract sum amounting to approximately HK$160,887,000.

PROSPECTS

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Riding on the new opportunities as they emerge, the Directors are positive and have strong faith that the Group will be able to keep up the positive financial performance it has yielded during the Reporting Period in the coming financial year. The Group will continue to keep abreast of market developments and act prudently in evaluating potential business opportunities to drive the continuous business development, broaden the sources of revenue and maximise the return to our shareholders.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Year was approximately HK$315,136,000 (for the year ended 31 March 2022 (the "**Previous Year**"): approximately HK$213,665,000), representing an increase of approximately 47.5% over the Previous Year. The increase in our revenue was mainly due to the fact that the Group undertook some more foundation works projects during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK$34,395,000 for the Year (for the Previous Year: approximately HK$32,536,000). The Group's gross profit margin during the Year was approximately 10.9% (for the Previous Year: approximately 15.2%).

The decrease in gross profit margin was mainly due to lower gross profit derived from the new projects commenced and the increase of subcontracting cost involved during the Year.

Other Income

The Group's other income for the Year were approximately HK$7,094,000 (for the Previous Year: approximately HK$3,505,000), representing an increase of approximately 102.4% compared to the Previous Year. This was mainly due to the government grants of approximately HK$2,656,000 from the Employment Support Scheme launched by the Hong Kong Government.

Other Net Gains and Losses

The Group's other net losses for the Year were approximately HK$1,632,000 (for the Previous Year: other net gains approximately HK$3,191,000). This was mainly due to (i) the absence of gain on disposal of property and equipment of approximately HK$1,729,000; and (ii) the provision in allowance for credit loss of contract assets of approximately HK$254,000 during the Year as compared to the Previous Year.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK$24,866,000 (for the Previous Year: approximately HK$25,915,000), representing a decrease of approximately 4.0% compared to the Previous Year. This was mainly due to the decrease in staff salaries and bonus of head office of approximately HK$897,000 during the Year as compared to the Previous Year.

Income Tax

There was no income tax for the Year of the Group (for the Previous Year: Nil).

Net Profit

As a result of the abovementioned, the Group reported a net profit for the Year of approximately HK$10,836,000 (for the Previous Year: approximately HK$11,192,000).

Trade and Other Receivables

Advances to subcontractors decreased by approximately 7.2% from approximately HK$48,370,000 as at 31 March 2023 to approximately HK$52,106,000 as at 31 March 2022. This was mainly due to the decrease in advances to certain subcontractors.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2023, the Group had bank balances of approximately HK$29,106,000 (as at 31 March 2022: approximately HK$14,342,000). The interest-bearing debts of the Group as at 31 March 2023 was approximately HK$97,278,000 (as at 31 March 2022: approximately HK$76,445,000). The gearing ratio was calculated based on the amount of bank and other loans, and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2023 was approximately 54.9% (as at 31 March 2022: approximately 46.0%), as a result of the increase in bank and other loans, and lease liabilities during the Year.

Pledge of Assets

The Group's plant and machinery and right-of-use assets with an aggregate net book value of approximately HK$16,997,000 as at 31 March 2023 were held under leases and other loan (as at 31 March 2022: HK$11,378,000).

As at 31 March 2023, the Group did not have any banking facilities which were secured by the Group's bank deposits (as at 31 March 2022: HK$11,238,000).

Foreign Exchange Risk

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

Employees and Remuneration Policy

As at 31 March 2023, the Group employed 120 employees (as at 31 March 2022: 138 employees). Total remuneration costs including directors' emoluments for the Year amounted to approximately HK$60,588,000 (for the Previous Year: approximately HK$50,320,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

Capital Commitments

The Group had capital commitments amounted to approximately HK$1,050,000 in respect of acquisition of property, plant and equipment as at 31 March 2023 (as at 31 March 2022: HK$24,220,000).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2023 (as at 31 March 2022: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

No purchase, sale or redemption of the Company's listed securities was made by the Company or its subsidiaries from the Listing Date and up to the date of this report.

Compliance with the corporate governance code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules from the Listing Date and up to the date of this report.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code since the Listing Date and up to the date of this report.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting and make themselves satisfied as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung (chairman), Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong.

Publication of Annual Report

This report will be despatched to the shareholders of the Company and is available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in due course.

DIRECTORS

Executive Directors

Mr. CHAN Lap Wai Gary (陳立緯先生), aged 65, is our Chairman, executive Director and a director of Favourable Year Limited ("**Favourable Year**"), Rainbow Republic Limited ("**Rainbow Republic**"), Simon & Sons Engineering Limited ("**Simon & Sons**") and Simon & Sons Engineering (Macau) Limited ("**Simon & Sons (Macau)**"). He is also one of our controlling shareholders. Mr. Gary Chan has over 43 years of experience in the building and construction industry in Hong Kong and is primarily responsible for the formulation of the overall business development strategy and the overall management and major business decisions of our Group. Between September 1980 and October 1986, Mr. Gary Chan worked as an assistant manager in Simon Construction & Engineering Company, a sole proprietorship principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder, and was responsible for the general management of projects, formulating company policies and advising our managers and supervisors. Since November 1986, Mr. Gary Chan has been the executive director, and later re-designated as the managing director, of Simon & Sons, our principal operating subsidiary, and has been responsible for the overall business operations. Furthermore, since April 2002, Mr. Gary Chan has been a director of Simon & Sons (Macau), one of our operating subsidiaries, and is responsible for overseeing the overall business development and operations in Macau.

Mr. Gary Chan graduated from University of Waterloo Canada with a Bachelor of Arts in Economics in May 1980. He obtained a certificate in Quantity Surveying from The Hong Kong Institute of Estimators and Site Agent in March 1987. He also completed a Professional Diploma in Project Management from The Hong Kong Management Association in January 2003.

Mr. Gary Chan is the brother of Mr. Edmond Chan, our executive Director and Chief Executive Officer, and Ms. Amanda Chan, our executive Director.

Mr. CHAN Lap Chuen Edmond (陳立銓先生), aged 64, is our Chief Executive Officer, executive Director and a director of Favourable Year, Rainbow Republic, Simon & Sons and Vanbo Engineering Limited ("**Vanbo Engineering**"). He is also one of our controlling shareholders. Mr. Edmond Chan has over 42 years of experience in the building and construction industry in Hong Kong. He is responsible for the formulation of the overall business development strategy and the execution of daily management and administration of our business and operations. Between November 1980 and October 1986, Mr. Edmond Chan worked as an assistant manager in Simon Construction & Engineering Company, a sole proprietorship in Hong Kong principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder, and was responsible for management of all projects and directing and supervising the operational management staff of our Group. Since November 1986, Mr. Edmond Chan has been a director of Simon & Sons, our principal operating subsidiary, and has been responsible for its day-to-day business operations. He also assumed the roles of site manager between November 1986 and March 1995, general manager (site work) between April 1995 and March 2011 and executive director since 2011 in Simon & Sons. Furthermore, since February 1993, Mr. Edmond Chan has been a director of Vanbo Engineering, one of our operating subsidiaries, and is responsible for overseeing its business operations in piling projects and provision of loading test services in Hong Kong.

Mr. Edmond Chan graduated from University of Waterloo Canada with a Bachelor of Mathematics in October 1980. He was admitted as a member of the Society of Environmental Engineer in the United Kingdom in January 2011 and of the Society of Professional Engineers in London in February 2011. He was also admitted as a Chartered Building Engineer by the Chartered Association of Building Engineers in December 2015. Since July 2011, he has been a Charter Member and a director of Hong Kong Lions Club of Sham Shui Po and served as the president between 2013 and 2014. Since February 2015, he has also served as a director of Asia Pacific Creativity Industrial Association Limited. Since January 2018, Mr. Edmond Chan has been appointed as the Junior Police Call Honorary President for the Sham Shui Po District. Mr. Edmond Chan is also currently a member of the Sham Shui Po District Fight Crime Committee.

Mr. Edmond Chan is the brother of Mr. Gary Chan, our executive Director and Chairman, and Ms. Amanda Chan, our executive Director.

Ms. CHAN Chin Ying Amanda (陳千瑩女士), aged 63, is our executive Director and a director of Favourable Year, Rainbow Republic and Simon & Sons. She is also one of our controlling shareholders. Ms. Amanda Chan has over 41 years of experience in the building and construction industry in Hong Kong. She is responsible for the overall administration, maintaining quality control and monitoring our safety and environmental compliance. Between March 1982 and October 1986, Ms. Amanda Chan worked as an assistant administration manager in Simon Construction & Engineering Company, a sole proprietorship principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder. She was responsible for the overall management of its financial and operation matters. Since November 1986, Ms. Amanda Chan has been a director of Simon & Sons, our principal operating subsidiary, and has been responsible for the overall administration and matters relating to human resources of the Simon & Sons. She also assumed the roles of administration manager between November 1986 and March 1998, quality manager between April 1998 and January 2008 and the Certified Quality and Environmental Manager since 2008 in Simon & Sons.

Ms. Amanda Chan obtained a Diploma in Business Management from Society of Business Practitioners in the United Kingdom in June 2001. She has been a fellow member of The Hong Kong Institute of Certified Auditors since January 2008. She was admitted as a Certified Quality Manager in January 2008, a Certified Environmental Manager in January 2008 and a Certified Internal Auditor of Quality and Environmental in January 2008.

Ms. Amanda Chan is the sister of Mr. Gary Chan, our executive Director and Chairman, and Mr. Edmond Chan, our executive Director and Chief Executive Officer.

Independent Non-executive Directors

Mr. LI Hon Hung, *BBS, MH, JP* (李漢雄先生, *BBS, MH, JP*), aged 66, is our independent non-executive Director. Mr. Li has over 30 years of experience in the architectural field. Since July 1993, he has been a director of A. Li & Associates Architects Limited, a company principally engaged in design and architecture services. Since October 2011, he has also served as a non-executive Director of Luk Fook Holdings (International) Limited, a company listed on the Stock Exchange (stock code: 590) and principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of jewellery.

Mr. Li obtained a Diploma of Architectural Design from Humber College, Canada in June 1981. He further obtained a Bachelor of Architecture from New York Institute of Technology in June 1984. Mr. Li was admitted as a Registered Authorised Person (List of Architects) and a Registered Inspector (List of Architects) in 1989 and 2012, respectively. He was admitted as a member, a corporate member and a fellow of The Hong Kong Institute of Architects in February 1991, August 2007 and September 2009, respectively. He is a registered architect under the register list maintained by Architect Registration Board. In August 2004, he obtained the PRC Class 1 Registered Architect Qualification.

Mr. CHENG Chi Hung (鄭志洪先生), aged 63, is our independent non-executive Director. Mr. Cheng has over 25 years of experience in auditing and accounting. His previous working experience includes the following:

Name of companies	Principal business activities	Position	Period of services
Horwath & Horwath	Accounting	Junior Audit Clerk	February 1986 – October 1987
Tony Nedderman & Co.	Accounting	Taxation Semi-senior	November 1987 – September 1988
Pollard Construction Co., Ltd.	Engineers and civil contractors	Accountant	September 1990 – June 1992
		Accounting Manager	January 1993 – April 1994
The Official Receiver's Office	Insolvency	Temporary Insolvency Officer II	December 1999 – November 2000
Patrick P.K. Chiang & Co.	Accounting	Audit Supervisor	September 2002 – February 2005
C.H. Cheng & Co.	Accounting	Auditor	July 2005 – present

Mr. Cheng obtained a Master of Business Administration and a Postgraduate Certificate in Information Technology from The Open University of Hong Kong in December 1999 and December 2001, respectively. He also obtained a HKICPA Diploma in Insolvency from the Hong Kong Institute of Certified Public Accountants in June 2004. Mr. Cheng has been practising as a Certified Public Accountant and a Certified Tax Adviser in Hong Kong since February 2005 and June 2010, respectively. He was admitted as an associate member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) and the Association of Chartered Certified Accountants in January 1996, a fellow member of the Association of Chartered Certified Accountants in January 2001, and an associate member of the Taxation Institute of Hong Kong in May 2010.

Mr. WONG Yip Kong (黃業光先生), aged 70, is our independent non-executive Director. Mr. Wong obtained a Master of Business Administration from the Lincoln University, US in October 2006. He is currently the managing director of John Kaiser-Time Limited which is principally carrying out the business of manufacture and exportation of watches.

Mr. Wong had been a director of Tung Wah Group of Hospitals and was elected as a member of the Tung Wah Group of Hospitals Advisory Board. Also, he has been the chairman of the Federation of Hong Kong Watch Trades and Industries Limited. Mr. Wong is currently a member of the Watches & Clocks Advisory Committee of Hong Kong Trade Development Council, the co-chairman of Hong Kong Watch & Clock Fair Organising Committee of Hong Kong Trade Development Council and a member of QTS Sub-Committee of Hong Kong Tourism Board. He is also a fellow of various academic organisations, including Canadian Chartered Institute of Business Administration, Asian Knowledge Management Association and The Professional Validation Council of Hong Kong Industries.

SENIOR MANAGEMENT

Mr. CHEUNG Ka Ngai(張家毅先生), aged 58, is the project director of our Group and a director of Simon & Sons. He has over 33 years of experience in construction project design and implementation in Hong Kong. Mr. Cheung joined our Group in December 1999 as an engineering manager of Simon & Sons and was later appointed as a director in February 2000. He is responsible for overseeing project design and implementation of our Group. Prior to joining our Group, from June 1989 to April 1992, Mr. Cheung worked as a design engineer at Intrusion- Prepakt (F.E.) Limited, where he was responsible for preparation of foundation drawings. From April 1992 to April 1993, he served as a project engineer at Chee Shing Foundations Limited, a company principally engaged in piling services. From May 1993 to January 1995, he worked at IP Foundations Limited, as a design engineer responsible for the preparation of foundation drawings. He also worked as a project manager at W. Ho Civil Engineering & Construction Company Limited, a company principally engaged in civil engineering works, from January 1995 to June 1999 and was responsible for project supervision and management.

Mr. Cheung obtained a Bachelor of Engineering (Honours) in Civil Engineering from The Hong Kong Polytechnic University in December 1999. He has been an associate member of The Hong Kong Institution of Engineers since August 1999. He has also been a Building Environmental Assessment Method (BEAM) Affiliate of Hong Kong Green Building Council Limited since July 2014.

Mr. CHEN Tai Ping (陳大平先生), aged 64, is the contracts director of our Group and a director of Simon & Sons. He has over 37 years of experience in project management for different construction projects in Hong Kong. Mr. Chen first worked as the chief estimator at Simon & Sons between November 1986 and October 1995. He was further appointed as a director and contracts manager of Simon & Sons in February 2000 and November 1995, respectively and is responsible for overall contract management and project planning since then.

Mr. Chen obtained a higher certificate in Building Studies from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987.

Mr. YUEN Kin Keung Larry (袁建強先生), aged 59, is the project manager of our Group. He has over 29 years of experience in project design and development of different construction projects in Hong Kong. Mr. Yuen joined our Group in September 2015 and is responsible for overseeing project design and development and the overall project performance of our Group. Prior to joining our Group, Mr. Yuen worked as an assistant design engineer between September 1988 to December 1992 and as a design engineer between January 1993 to June 1993, responsible for the foundation design in Gammon Construction Limited, a company principally engaged in construction business as a main contractor. From June 1993 to May 1997, he worked as a structural engineer at David S.K. Au & Associates Ltd, a company principally engaged in the provision of industrial building development consultancy service, where he was responsible for structural design and project administration. He also worked at Chun Wo Foundations Limited, a company principally engaged in foundation works, as a quality control engineer from November 2001 to April 2009 as a senior engineer from May 2009 to September 2015.

Mr. Yuen obtained a High Diploma in Structural Engineering from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1988. He has been a member of The Institution of Structural Engineers in the United Kingdom since November 1995, a member of The Hong Kong Institution of Engineers since April 1996, a Chartered Engineer in the United Kingdom since May 1996, a Registered Professional Engineer (Structural) in Hong Kong since February 1999 and a Registered Structural Engineer in Hong Kong since October 1999.

Mr. LUI Shun Wa Alexander（呂舜華先生）, aged 60, is the financial controller and the company secretary of our Group. He has over 18 years of accounting, taxation and corporate finance experience. Mr. Lui joined our Group in August 2015 and is responsible for overseeing the financial operations and internal control of our Group.

Prior to joining our Group, Mr. Lui's working experience includes:

Name of organization	Principal business activities	Position	Roles and responsibilities	Period of services
KPMG Peat Marwick	Auditing	Accountant	Undertaking various auditing assignment	July 1986 – October 1987
Inland Revenue Department of Hong Kong Government	Government department providing tax administration	Assistant Assessor	Undertaking tax assessment and ancillary taxation matters	February 1989 – February 1990
Wang On Construction Engineering Limited (currently known as Wang On Group Limited, a company listed on the Stock Exchange (Stock code: 1222))	Property development, property investment, management and sublicensing of Chinese wet markets and provision of finance	Finance Director	Overseeing financial operations of the group	March 1992 – July 1997
IFIA Pacific Holdings Limited (currently known as Beijing Enterprise Water Group Limited, a company listed on the Stock Exchange (Stock code: 371))	Construction of sewage and reclaimed works treatment and seawater desalination plants	Executive Director (CEO)	Responsible for strategic planning, policy making and business development of the group	September 1999 – April 2002

Mr. Lui obtained a Professional Diploma in Accountancy from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1986. Since February 1992, Mr. Lui has been an associate member of Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants). Mr. Lui is currently a nonpractising member of Hong Kong Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board has pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the "**Reporting Period**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

GROUP REORGANISATION

Pursuant to a group reorganisation (the "**Reorganisation**") carried out by the Group in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange, and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 7 October 2016. Details of the Reorganisation are set out in the section headed "History and Development" to the Prospectus issued by the Company dated 31 October 2016.

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement, Management Discussion and Analysis and Report of the Directors sections of this annual report. Also, the financial risk management objectives and policies of the Group can be found in Note 29 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 4 to 7 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out below.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group understands that it is important to maintain good relationships with its employees, customers and suppliers. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this report. No dividend has been paid or proposed by the Company during the Reporting Period, nor has any dividend been proposed by the Directors since the end of the Reporting Period.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 August 2023 to Thursday, 10 August 2023, 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 Thursday, 10 August 2023. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 2 August 2023.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the Reporting Period (2022: Nil).

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group:

The amount of revenue derived from a project may be higher or lower than the original contract sum due to factors such as variation orders

The aggregate amount of revenue derived from a project may be different from the original contract sum specified in the relevant contract for the project due to factors such as variation orders (including additions, reductions and/or other changes in the scope of the works) placed by customers from time to time during the course of project execution. As such, there is no assurance that revenue from projects on hand will not be substantially lower than the original contract sum as specified in the relevant contracts and hence, the Group's profitability will be adversely affected.

Keen competition

Due to certain delays in the progress of approving infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong in the past few years, there has been reducing projects available in the construction works market which has driven more intense competition within the construction industry. Furthermore, there have been shortage of construction labour and rise of construction costs in recent years. The combined impact of the above factors leads to the dilution in the profit margin of our construction works projects.

Errors or inaccurate estimations of project duration and costs when determining the tender price may result in substantial loss incurred

Construction contracts and in particular public projects are normally awarded through a competitive tendering process. The Group determines a tender price by estimating the construction costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by the Group contain no mistakes and errors. Such mistakes and errors may be in the form of inaccurate estimations, oversight of important tender terms, inadvertent typographical errors, errors in calculations, etc. In case of contracts awarded to the Group with mistakes or errors in the submitted tender, the Group may be bounded by the contract to undertake the project at a substantial loss.

Inaccurate estimations on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when executing the awarded project. Many factors affect the time taken and the costs involved in completing construction projects undertaken by the Group. Examples of such factors include shortage and cost escalation of labour and materials, difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with main contractors, subcontractors and suppliers, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or the Group may be subject to cost overruns or our customers may even be entitled to unilaterally terminate the contract.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 25(a) to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to HK$10,000 (2022: HK$10,000).

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Note 25(b) to the consolidated financial statement, respectively.

DISTRIBUTABLE RESERVES

The Companies Act provides that share premium account of a company incorporated in the Cayman Islands may be applied in such manner as it may from time to time determine, subject to the provisions, if any, of its memorandum and articles of association, provided that no distribution or dividend may be paid to its members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, The Company shall be able to pay its debts as they fall due in the ordinary course of business. The Company's reserves available for distribution comprise the share premium, contributed surplus and accumulated losses. In the opinion of the Board, the Company's reserves available for distribution to the shareholders at 31 March 2023 were approximately HK$120,334,000 (as at 31 March 2022: HK$121,893,000).

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Chan Lap Wai Gary *(Chairman)*
Mr. Chan Lap Chuen Edmond
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors

Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

In accordance with the article of association of the Company, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

Information regarding Directors' emoluments is set out in Note 10 to the consolidated financial statements of this report.

An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the independent non-executive Directors and the Company considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY OF DIRECTORS

The Articles of Association of the Company provides that the directors shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTEREST

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling shareholders or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in Note 10 to the consolidated financial statements in this report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the Reporting Period and up to the date of this report.

DEED OF NON-COMPETITION

The deed of non-competition dated 24 October 2016 has been entered into by the controlling shareholders in favour of the Company. Pursuant to which the controlling shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the controlling shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of our Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Listing Rules, notified to the Company and the Stock Exchange were as follows:

Interests in Share of the Company

Name of Director	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Chan Lap Wai Gary *(Notes 2 and 3)*	Interest of controlled corporation	495,000,000 (L) *(Note 1)*	72.29%
Chan Chin Ying Amanda	Beneficial owner	7,140,000 (L) *(Note 1)*	1.04%

Notes:

1. The letter "L" demonstrates long position in such securities.

2. Mr. Chan Lap Wai Gary beneficially owns 45% of the issued shares of Creative Elite Global Limited which in turn held 495,000,000 Shares. Therefore, Mr. Gary Chan is deemed to be interested in 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.

3. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 Shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

Interests in associated corporations

Name of Director	Name of associated corporation	Number of Shares held/interest	Percentage of interest
Chan Lap Wai Gary	Creative Elite Global Limited	45	45%
Chan Lap Chuen Edmond	Creative Elite Global Limited	28	28%
Chan Chin Ying Amanda	Creative Elite Global Limited	18	18%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Creative Elite Global Limited *(Note 2)*	Beneficial owner	495,000,000 (L) *(Note 1)*	72.29%
Vane Siu Ling Linda *(Note 3)*	Interest of spouse	495,000,000 (L) *(Note 1)*	72.29%

Notes:

1. The letter "L" demonstrates long position in such securities.

2. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

3. Ms. Linda Vane is the spouse of Mr. Chan Lap Wai Gary who beneficially owns 45% of the issued shares of Creative Elite Global Limited. Therefore, Ms. Linda Vane is deemed to be interested in 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any interests or short positions owned by any entities or persons (not being a Director or chief executive of the Company) in the Shares or underlying shares of the Company, which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted at the end of 31 March 2023 or at any time during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 40.0% and 93.3% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 26.8% and 84.1% respectively of the Group's total revenue for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this report, the Group did not have other plans for material investments or capital assets as at 31 March 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme (the "**Share Option Scheme**") as set out below, no equity-linked agreements were entered into by our Group, or existed during the Reporting Period.

SHARE OPTION SCHEME

The shareholders of the Company have adopted a share option scheme (the "**Scheme**") on 24 October 2016.

A summary of the Scheme is set out as below:

(i) The Scheme became effective for a period of 10 years commencing from the date on which Scheme becomes unconditional.

(ii) The Scheme enables the Company to grant options to subscribe for the Shares to any director, employee or officer, partner or adviser of the Company or any of its subsidiaries, as incentives or awards for their contributions to the Group.

(iii) The basis of eligibility of any person to the grant of any option shall be determined by the Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group.

(iv) Under the Scheme, a subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

(v) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(vi) The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our shares in issue as at the listing date (i.e. 68,475,000 shares).

No options have been granted, exercised, cancelled or lapsed since the adoption of the Scheme.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" from pages 25 to 36 of this report.

RELIEF OF TAXATION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Group were entered into or in existence during the Reporting Period.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, there were no connected transactions or continuing connected transactions of the Company which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in Note 31 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Elite Partners CPA Limited ("**Elite Partners**"). Elite Partners shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment as auditors of the Company will be proposed at the forthcoming AGM. There is no change in auditors during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it engages. The Group strives to minimise its impact on the environment by reducing its use of electricity and water and encouraging recycle of office supplies and other materials. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the Reporting Period.

On behalf of the Board
Sheung Yue Group Holdings Limited

Chan Lap Wai Gary
Chairman

30 June 2023

CORPORATE GOVERNANCE REPORT

Compliance with the corporate governance code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Reporting Period.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the requirements of the Model Code during the Reporting Period.

BOARD OF DIRECTORS

Composition of the Board

Up to the date of this annual report, the Board consists of six Directors, which comprises three executive Directors and three independent non-executive Directors. The composition of the Board during the Reporting Period and up to the date of this annual report was as follows:

Executive Directors:
Mr. Chan Lap Wai Gary *(Chairman)*
Mr. Chan Lap Chuen Edmond *(Chief Executive Officer)*
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors:
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

The biographies of the Directors are set out in "Profiles of Directors and Senior Management" on pages 8 to 13 of this annual report.

The directors have given sufficient time and attention to the Group's affairs. The directors have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The Board believes that the balance between executive directors and independent non-executive Directors is reasonable and adequate to provide sufficient balances that protect the interests of the shareholders of the Company and the Group.

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall management of the Group, which includes controlling resources allocation of the Company and leading the Company to strive for success. It oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgment. Directors with various professional qualifications experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfies the corporate governance requirements of the Group with regard to the balance of expertise, skills and experience as well as the ongoing development and management of its business activities.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. During the Reporting Period, four Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Pursuant to the Articles of Association of the Company, all Directors appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

Save for the family relationships disclosed in the Profiles of Directors and Senior Management set out on pages 8 to 13 of this annual report, the Directors do not have any material financial, business or other relationships with one another.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

By virtue of article 83 of the articles of association of the Company, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in B.2.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Each of the executive Directors has entered into a service agreement with the Company for a term of three years. Each of the INEDs has entered into a letter of appointment with the Company for a term of three years.

By virtue of article 84 of the articles of association of the Company, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Chan Lap Wai Gary and the chief executive officer (the "**CEO**") is Mr. Chan Lap Chuen Edmond. The roles of the Chairman and the CEO of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on formulating business strategies and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board consists of three executive Directors and three independent non-executive Directors, including one independent non-executive Director who has professional qualification, experience and expertise in accounting, finance or legal field. The names and biographical details of each Director are set out in "Profiles of Directors and Senior Management" on pages 8 to 13 of this annual report. The Company has received confirmation of independence from all three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this report.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointment of a new Director, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors, on an ongoing basis, will receive updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Companies Ordinance and corporate governance practices so that they can continuously acquire their relevant knowledge and skills. In compliance with code provision in C.1.4 of the CG Code, in June 2023, the Company organised training on duties and responsibilities of directors and seminar on updated laws and regulations for Directors. Each of the Directors, namely Mr. Chan Lap Wai Gary, Mr. Chan Lap Chuen Edmond, Ms. Chan Chin Ying Amanda, Mr. Li Hon Hung, *BBS, MH, JP*, Mr. Cheng Chi Hung and Mr. Wong Yip Kong, have participated in continuous professional development in compliance with code provision in C.1.4 of the CG Code. The Company has also provided reading materials to all Directors to develop and refresh their professional knowledge.

AUDIT COMMITTEE

An Audit Committee has been established by the Board with specific written terms of reference. Pursuant to the Audit Committee's terms of reference, the Audit Committee is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong. Mr. Cheng Chi Hung is the chairman of the Audit Committee.

During the Reporting Period, three Audit Committee Meetings were held. The attendance of each member of the Audit Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

During the meetings, the Audit Committee has reviewed and discussed the application of financial reporting principles and the effectiveness of the Company's risk management and internal control systems. Furthermore, the Audit Committee has reviewed the Group's audited consolidated financial statements for the Year and the unaudited interim consolidated financial statements for the six months ended 30 September 2022, and discussed with the external auditors on the Group's audited consolidated financial statements for the Year. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

REMUNERATION COMMITTEE

A Remuneration Committee has been established by the Board with specific written terms of reference and the majority of the members of the Remuneration Committee are Independent Non-executive Directors. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the remuneration packages of the Directors and senior management. Details of the authority and responsibilities of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Wong Yip Kong, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Cheng Chi Hung. Mr. Wong Yip Kong is the chairman of the Remuneration Committee.

During the Reporting Period, two Remuneration Committee meetings were held to review and discuss the remuneration policy of the Company, renew the appointment letters of independent non-executive directors. The attendance of each member of the Remuneration Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

Details of the amount of Directors' emoluments for the year ended 31 March 2023 are set out in Note 10 to the financial statements.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the Remuneration Committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

NOMINATION COMMITTEE

A Nomination Committee has been established by the Board with specific terms of reference. The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re- appointment of the Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and responsibilities of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following key procedures and process:

i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

ii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

iii. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment; and

iv. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment.

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Li Hon Hung, *BBS, MH, JP*, Mr. Cheng Chi Hung and Mr. Wong Yip Kong. Mr. Li Hon Hung, *BBS, MH, JP* is the chairman of the Nomination Committee.

During the Reporting Period, two Nomination Committee meetings were held to review the structure, size, composition and diversity of the Board, assessing the independence of independent non-executive Directors and other related matters of the Company. The attendance of each member of the Nomination Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

MEETINGS OF THE BOARD AND DIRECTORS' ATTENDANCE RECORD

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Nomination Committee and Remuneration Committee as well as the annual general meeting on 19 August 2022 (the "**AGM**") during the Reporting Period are set out below:

	Attendance/Number of Meetings Held				
Name of Director	**Board Meeting**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM**
Executive Directors					
Mr. Chan Lap Wai Gary	4/4	–	–	–	1/1
Mr. Chan Lap Chuen Edmond	4/4	–	–	–	1/1
Ms. Chan Chin Ying Amanda	4/4	–	–	–	1/1
Independent Non-executive Directors					
Mr. Li Hon Hung, *BBS, MH, JP*	4/4	3/3	2/2	2/2	1/1
Mr. Cheng Chi Hung	4/4	3/3	2/2	2/2	1/1
Mr. Wong Yip Kong	4/4	3/3	2/2	2/2	1/1

In addition to the abovementioned regular board meetings, the Chairman has held one meeting with the independent non-executive Directors without the presence of the other executive Directors during the Reporting Period.

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board, which include (a) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) review and monitor the training and continuous professional development of directors and senior management of the Company and its subsidiaries; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company and its subsidiaries; (e) review the Company's compliance with the CG Code and disclosures in the corporate governance report of the Company required to be prepared pursuant to the Listing Rules; and (f) consider, review and decide any other topics, as authorised by the Board.

On 30 June 2023, the Board reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of its corporate governance policy.

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 March 2023 which gives a true and fair view of the state of affairs of the Group as at 31 March 2023, and of the results and cash flows for year then ended.

In preparing the financial statements for the year ended 31 March 2023, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The interim and annual results of the Company are announced in a timely manner within the limit of two months and three months, respectively, after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representation contained in the financial statements of the Company for the year ended 31 March 2023.

AUDITOR

The external auditor of the Company is Elite Partners CPA Limited. The Audit Committee is responsible for making recommendations to the Board on the external auditor's appointment, re-appointment and removal, which are subject to approval by the Board and at the general meetings of the Company by its shareholders. In assessing the external auditor, the Audit Committee will take into account relevant experience, performance, objectivity and independence of the external auditor.

The statement of the Company's auditor about their reporting responsibility on the consolidated financial statement of the Group is set out in the independent auditor's report on pages 53 to 59.

AUDITOR'S REMUNERATION

The remuneration paid/payable to Elite Partners for the year ended 31 March 2023 is set out as follows:

Services rendered	**Fee paid/ payable** HK$'000
Audit services	480
Total	480

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the design and implementation of internal controls which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such internal controls. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board will review and assess the risk management and internal control systems at least once a year. The Company has complied with the risk management and internal control code provisions during the Reporting Period.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

The Company has established a risk management policy set out the process of identification, evaluation and management of the principal risks affecting the business. The Company has also established a whistle-blowing policy and system for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control and other matters. There is also anti-corruption regulations in place as the Group commits to maintaining a high standard of integrity when conducting business.

The Audit Committee reviews the internal control and risk management that are significant to the Group on an on-going basis. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, as well as their training programmes and budgets.

The Board is satisfied that the internal control and risk management systems in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report is reasonably effective and adequate.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

COMPANY SECRETARY

Mr. Lui Shun Wa Alexander was appointed as the company secretary of the Company with effect from 6 June 2016. All Directors have access to the advice and services of the company secretary. During the year ended 31 March 2023, Mr. Lui Shun Wa Alexander has taken no less than 15 hours of relevant professional trainings respectively to update his skills and knowledge.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear and detailed information of the Group to its shareholders in a timely manner and on a regular basis, through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

During the Reporting Period, the Company has adopted a Shareholders' communication policy, which has helped the Company to ensure that the Shareholders will have equal and timely access to the information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. The general meetings of the Company provide a forum for communication between the Board and the Company's shareholders. The Chairman of the Board and other members of the respective committees are available to answer questions of the shareholders at the general meeting. The Company recognises the importance of maintaining on-going communications with the shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management. The Company maintain a website at www.simonandsons.com.hk where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

Given the above, the Company is of the view that the Shareholders' communication policy was effective during the Reporting Period.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to Article 58 of the articles of association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the articles of association of the Company provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51B(1) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Shareholders' enquires and proposals

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customer service hotline at (852) 2980 1888.

Shareholders may also make enquiries to the Board at the annual general meetings of the Company.

INVESTOR RELATIONS

The public are welcomed to give their comments and make enquiries through the Company's website and by means of emails to the investor relations department (email address: mail@simonandsons.com.hk). The management always provides prompt responses to any such enquiries.

CONSTITUTIONAL DOCUMENTS

The Company adopted by a special resolution the second amended and restated memorandum and articles of association on 19 August 2022. For further details, please refer to the announcement of the Company dated 6 July 2022 and the circular of the Company dated 20 July 2022. The Company's second amended and restated memorandum and articles of association are available on the websites of the Company and the Stock Exchange. Save as disclosed above, there was no change to the Company's memorandum and articles of association during the Reporting Period.

Dividend Policy

The declaration of payment of dividends, subject to the criteria set out in the dividend policy adopted by the Company (the "**Dividend Policy**"), shall remain to be determined at the sole discretion of the Board and are subject to all applicable laws and regulations and the Articles of Association of the Company. The Board shall take into account the following factors, among other factors, when considering the declaration and payment of dividends:

(a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;

(b) the amount of distributable reserves of the Company;

(c) the expected capital requirements and future expansion plans of the Group;

(d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(e) the statutory and regulatory restrictions;

(f) the contractual restrictions on the payment of dividends by the Company to the shareholders or by the subsidiaries of the Company to the Company;

(g) the shareholders' interests; and

(h) other factors that the Board deems relevant.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Board Diversity Policy

The Board adopted a policy of the Board diversity. The Nomination Committee will review these objectives regularly. The Company recognises and embraces the benefits of a diversity of Board members. The Group endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board nominations, appointments and re-appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members and the nomination policy of the Company. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

As at 31 March 2023, the gender ratio in the workforce (including senior management) of the Group was 91% male and 9% female. The Group will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender diversity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

REPORTING PERIOD AND FRAMEWORK

This is the seventh year for the Group to prepare a report covering the Environmental, Social and Governance ("**ESG**") highlighting information as well as performance for SHEUNG YUE GROUP HOLDINGS LIMITED (the "**Company**") and its subsidiaries (together referred to as the "**Group**"). This ESG report has been prepared in accordance with the requirements of the "ESG Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange.

OUR BUSINESS AND APPROACH TO ESG AND ESG REPORTING

Foundation works are still the Group's most important business segment and principally undertaken by our key operating subsidiary, Simon & Sons Engineering Limited. The scope of this ESG report ("**ESG Report**") covers the Group's head office and activities both in Hong Kong and Macau.

The Board of Directors of the Company (the "**Board**") takes a leading role in ESG management. It monitors its ESG practices and takes full responsibility for ESG strategy-making as well as ESG reporting. Appointed by the Board, our business functions identify ESG liabilities and assess their importance to business and stakeholders by reviewing our operations and conducting internal discussions. The Management of the Company regularly reviews ESG liability risk management and internal monitoring systems and confirms their effectiveness to the Board.

The Group keeps striving to identify, manage and improve our standard of ESG and strictly complied with statutory requirements as well as ordinances, regulations and other legislative requirements. The Group will keep strengthening our performance in environmental and social aspects as part of our business development.

STAKEHOLDERS' ENGAGEMENT

Stakeholders' perspective on ESG include owners, government authorizes, customers, bankers, investors, employees, business partners, sub-contractors, suppliers, unions, various kinds of media and the community organizations in general.

During the Reporting Period, the Company has adopted a shareholders' communication policy, which has helped the Company to ensure that the shareholders will have equal and timely access to the information about the Company in order to enable the shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

The Group realizes that communication with stakeholders is important. An effective communication shall be achieved via diverse range of continuous assessments and feedback collection through our internal meetings and external meetings with our stakeholders. Various communication channels include but not limited to the annual general meeting, employee suggestion box, site visits, client satisfaction surveys, telephone enquiry, various communication apps, periodical sub-contractor and supplier evaluation as well as inviting them to participate the meeting and consultation from them.

SCOPE OF REPORTING

This ESG report is organized into two sections, namely "Environment" and "Social", focusing on the following aspects in compliance with the ESG standards:

ESG Standard for Reporting		Sheung Yue's Compliance Section
A. Environmental	A1. Emissions	1. Governance on Air and GHG Emissions
		2. Waste Management
	A2. Use of Resources	Minimizing Energy Consumption
	A3. The Environment and Natural Resources	Environmental Protection and Natural Resources
	A4. Climate change	Identifying climate change risk and mitigating the associated impacts
B. Social	*Employment Practices*	
	B1. Employment and Labour Practices	Equal Employment Practices
	B2. Health and Safety	Promoting Health and Safety
	B3. Development and Training	Talent Management
	B4. Labour Standards	Prohibiting Child and Forced Labour
	Operating Practices	
	B5. Supply Chain Management	Upholding High Procurement Standards
	B6. Product Responsibility	Delivering Unmatched Product Quality
	B7. Anti-corruption	Commitment to Anti-Corruption
	B8. Community Investment	Contributing to the Welfare of Society

CARING FOR THE ENVIRONMENT AND NATURAL RESOURCES

A. ENVIRONMENTAL

A1 Emissions

Governance on Air and GHG Emissions

The Group is engaged in undertaking foundation works and some environmental impacts may cause emissions and wastes during operation. We have been always taking various measures i.e. "Design and Planning, Reuse and Recycle, On-Site Sorting, Air Pollution and Carbon Emission, Wastewater Pollution and Noise Pollution" to mitigate and/or avoid such impacts as mentioned in our last year report.

By taking those measures in an effective manner, the Group has thoroughly implemented the Integrated Management Systems covering quality, environmental, safety and energy in both management level and operational level. Our key operating subsidiary, Simon & Sons Engineering Limited has been granted with latest editions of certificates, i.e. "ISO 9001:2015 – Quality Management Systems and ISO 14001:2015 – Environmental Management Systems, ISO 45001:2018 – Occupational Health and Safety Management Systems and ISO 50001:2018 – Energy Management Systems" from the accredited Certification Body in compliance with the international standard requirements. Those changes have been substantially reviewed before put into our current management systems for implementation.

The Group adheres to good environmental management and strives to protect the environment to fulfil its corporate social responsibility. The Group has established environmental policies and integrated the concept of sustainable development into its operation. The environmental management system has been certified by the international standard ISO 14001:2015 and complies with the standard to ensure environmental friendliness for the design and construction of building works.

In addition, to minimise the adverse impact caused by our operations, the Group has included in our scope of works the measures in pollution control, conservation of the resource and waste reduction by reuse, recovery, and recycling of used materials as practicable as below:

- Commit to comply with relevant environmental legislation and regulations;
- Set out environmental targets, and continuously review to improve;
- Provide training to staff to arose environmental awareness; and
- Ensure the environmental policy is made available to the public and clearly communicated to all employees within the Group.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong);
- Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong);
- Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong); and
- Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

During the Reporting Period, the Group is not aware of any material non-compliance with environmental laws and regulations relating to air and Greenhouse Gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant adverse impact on the Group.

Having consulted various parties regarding the upcoming changes of the latest international standard requirements, we notice that "Understanding the Organizational Context, Organizational Knowledge, Risk and Opportunity" will still be the key elements for us to address and to be integrated into the management systems by considering any issues that may have affected or influenced the development of Company both internally and externally to all of our management systems under implementation.

Air emissions

The Group's air emissions generated mainly from fuel consumption of the Group's vehicles during the Reporting Period are as follows:

Air emissions	Unit	2023
Nitrogen oxidex ("**NOx**")	Emissions (kg)	33.75
Sulphur oxidex ("**SOx**")	Emissions (kg)	0.76
Particulate matters ("**PM**")	Emissions (kg)	2.48

GHG emissions and energy conservation

The GHG emissions generated by the Group are separated below in direct and indirect section. The direct emissions are from the consumption of petrol and diesel in the Group's vehicles and consumption of Ultra-low-sulfur diesel (ULSD) from stationary combustion sources, while the indirect emissions are via usage of outsourced electricity. The following table shows the figures of the Group's GHG emissions during the Reporting Period.

GHG emissions	Types of emissions	Unit	2023
CO_2 from vehicles combustion	Direct	tCO_2e	123.19
CH_4 from vehicles combustion (CO_2-equivalent emissions)	Direct	tCO_2e	0.24
N_2O from vehicles combustion	Direct	tCO_2e	8.88
CO_2 from stationary combustion sources	Direct	tCO_2e	6,736.27
CH_4 from stationary combustion sources	Direct	tCO_2e	1.72
N_2O from stationary combustion sources	Direct	tCO_2e	5.05
CO_2 from electricity consumption	Indirect	tCO_2e	26.36
Total		tCO_2e	6,901.72

* The figures may not add up due to rounding.

There were 6,901.72 tonnes of carbon dioxide equivalent ("**tCO_2e**") greenhouse gases (mainly comprised of carbon dioxide, methane and nitrous oxide) emitted from the Group's business operation in the Reporting Period. The annual emission intensity was 0.0215 tonnes per thousand of revenue.

The Group advocates emission reduction and is committed to sustainable operation. The Group has set a target to reduce air pollutants emission and annual GHG emission intensity per unit of production volume by 5%. The Group will actively support corporate sustainable development by conducting our business in an environmentally responsible manner. The Group is aware of the impact brought by climate change and strives to minimise the impact of our operations on the environment. The Group complies with all applicable environmental regulations, and co-operates with its partners, including clients and suppliers, to operate in an environmentally responsible manner to achieve energy efficiency and to reduce, reuse and recycle waste. The Group will review its emission reduction progress regularly and explore more opportunities for various environmental protection goals.

Waste Management

During the Reporting Period, the Group is not aware of any material hazardous waste and non-hazardous waste in its operation and there was no incidence of non-compliance with relevant laws and regulations with significant impact on the environment and natural resources relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

A2 Use of resources

Minimizing Energy Consumption

The Group dedicates great importance to environmental protection in order to establish an environmentally friendly enterprise. We pay close attention to the intensive and economical utilization of resources, and advocate environmentally friendly office practices, to greatly reduce the consumption of resources and thus reduce the damage to the environment. For electricity utilization, staff are required to turn off all electric equipment before leaving for the day, set operating conditions and temperature standards for air-conditioners, and post gentle reminders for conserving electricity to help employees to raise their environmental consciousness.

Types of resources	Unit	2023
Petrol	Litre	28,157
Diesel	Litre	21,705
Purchased electricity	kWh	33,373
Ultra-low-sulfur diesel (ULSD)	Litre	2,576,996
Water	m^3	0

During the Reporting Period, the Group consumed 28,157 litres of petrol, 21,705 litres of diesel, 33,373 kWh of electricity and 2,576,996 litres of Ultra-low-sulfur diesel. The annual energy consumption intensity was 81.8294 kWh per thousand of revenue. After carefully reviewing its current business operations, the Group has set the consumption target to reduce 5% of the intensity of energy consumption.

The Group has no private water supply in the office and is not involved in the purchase of external water source for construction sites during the Reporting Period.

The Group is not involved in the purchase of package materials for packaging. Throughout the years, the Group has put a strong emphasis on minimizing the usage of abovementioned materials during our daily operations. At the production stages, the main waste is paper. The following table shows the figures of material consumption (i.e. paper) in the Group's business operations.

Material Consumption	Unit	2023
Paper	Ream	235

The Group actively promotes the importance of reducing the usage of papers, employees are encouraged to communicate through emails and other online means, to implement double-sided printing where possible, and recycle used paper.

A3 The environment and natural resources

Environmental Protection and Natural Resources

The Group has taken an active role in promoting environmental protection and efficient use of resources, by following four basic principles, "reduce", "reuse", "recycle" and "replace", in its daily operation. During the Reporting Period, the operation and daily activities of the Group recognizes no significant impact on the environment and natural resources. The Group will further monitor and manage the possible impacts on the environment and natural resources in the future.

A4 Climate Change

Identifying climate change risk and mitigating the associated impacts

During the Reporting Period, the Group has no material impacts raised by climate-related issues. Consciously, the Group is aware that climate-related issues pose harm to the environment and such issues are regulated by the United Nations' Framework Convention. The Group recognizes the importance of identifying climate change risk in order to mitigate the associated impacts on its business operations. As a result, the Group has continuously evaluated any impact arising from natural disasters and has taken measures to minimize its impacts.

CARING FOR THE PEOPLE AND SOCIETY

B. SOCIAL

B1 Employment and labour practices

Equal Employment Practices

The Group believes that employees are the largest and most valuable asset of the Group. Human resources managing procedures are formally documented in the employee handbook, covering resources planning, performance evaluation, training, recruitment, resignation, transfer, remuneration and welfare, etc. These procedures not only provide standardised labour employment management, but also safeguard the legitimate interests of every employee.

Besides, the Group endeavours to protect employees' occupational health and safety. The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong); the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong); and the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong).

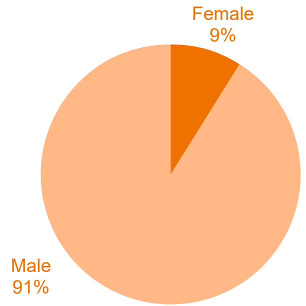
During the Reporting Period, the Group is not aware of any material non-compliance with employment and labour practices related laws and regulations that would have a significant adverse impact on the Group. The Group ensures a stable workforce environment for the development of the Group, especially in the competitive labour markets. Thus, we create and keep a fair employment environment for our employees with reasonable working hours and extra holidays to prevent their burnout. Overtime work is not always encouraged in the Group. However, if our staff are required to work beyond the set working hours, compensatory leave will be granted in return. For any new recruitment and promotion, every candidate or staff is evaluated based on the non-discrimination principle of gender, age, race, marital status, sexual orientation, and religious belief, etc. In addition, we prohibit any violation of human rights and accept zero tolerance towards using forced labour, child labour and illegal workers.

The Group offers a variety of job opportunities and promotions for staff depending on their performance and talent after annual review. Any staff who has demonstrated outstanding performance will be recommended to be promoted or reward.

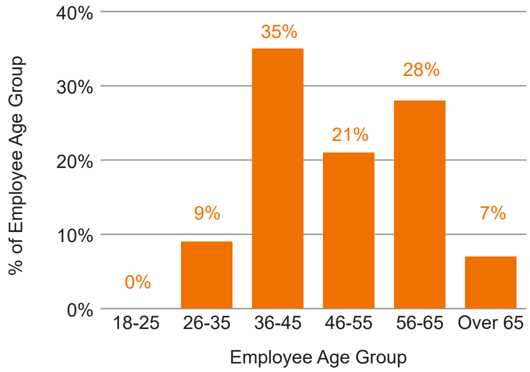
As at 31 March 2023, the Group employed 120 staff in total. For illustration purpose, the workforce statistic by gender and employment type are presented as pie graphs while the age group and employment category are disclosed as bar charts:

Gender and Age Distribution

EMPLOYEE BREAKDOWN BY GENDER

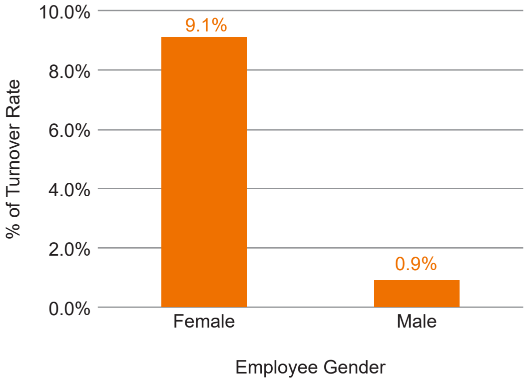


EMPLOYEE BREAKDOWN BY AGE GROUP

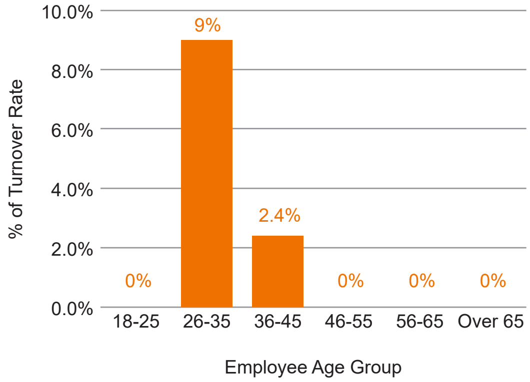


Employment Turnover Rate by Gender and Age group

EMPLOYEE TURNOVER RATE BY GENDER



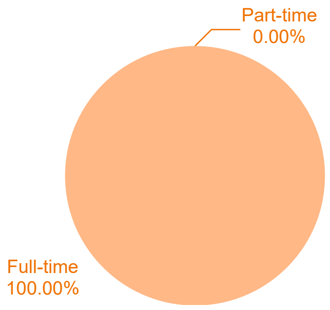
EMPLOYEE TURNOVER RATE BY AGE GROUP



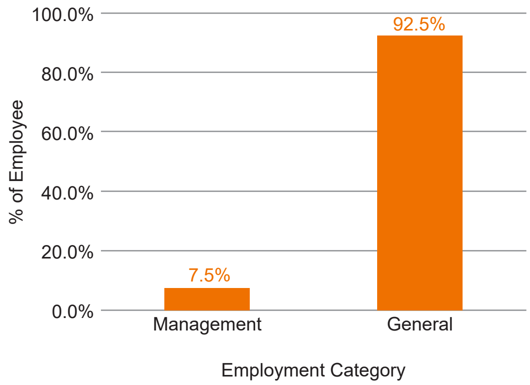
All employees mentioned above are based in Hong Kong.

Employment Type and Category Distribution

EMPLOYEE BREAKDOWN BY EMPLOYMENT TYPE



EMPLOYEE BREAKDOWN BY EMPLOYMENT CATEGORY



The Group is committed to complying with relevant labour standards and employment laws and regulations which are applicable to our business. During the Reporting Period, no material and significant disputes between the Group and its employees occurred.

As at 31 March 2023, the gender ratio in the workforce of the Group was 91% male and 9% female. The Group will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender diversity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

B2 Health and safety

Promoting Health and Safety

The Group always puts safety and health as priorities in any workplace. Full time Safety Officer has been engaged in the Group to provide safety induction training, toolbox talk and other relevant safety training to all frontline workforce, supervisory staff, suppliers, sub-contractors and visitors before entering the site for works. Safety procedures with policies are established at workplace with regular review by Our Board Management Members among the other staff members in the "Safety and Health, Environmental and Energy Committee". Safety Officer ensures the effectiveness of the safety management system of the Group by performing regular safety inspection, coordinating various kinds of safety aspects with result monitoring and takes prompt action if any issues being identified. Safety meeting and site inspection will be held regularly to monitor the safety and health performance of our staff. Participation and consultation from them are welcomed to put forward for our whole system improvement.

Adequate and applicable Personal Protective Equipment (PPE) including safety helmets, harness, masks, ear plugs, shoes, goggles, gloves and reflective waistcoats are always kept in stocks and provided to our staff before working on site. Those machines and vehicles have been checked regularly with certificates granted before use. Safety Officer has conducted noise assessment to determine the noise level of the plant, equipment, tools and construction process on site and prepare noise assessment report. New assessment would be conducted whenever there are new equipment or plants being introduced, or the working environment has changed which may affect the noise emitted.

During the Reporting Period, there was no non-compliance with relevant laws and regulations in respect of working environment safety by the Group and there was no severe work-related injury or fatality in the past three years including the Reporting Period. During the Reporting Period, 263 lost days due to work injury were reported.

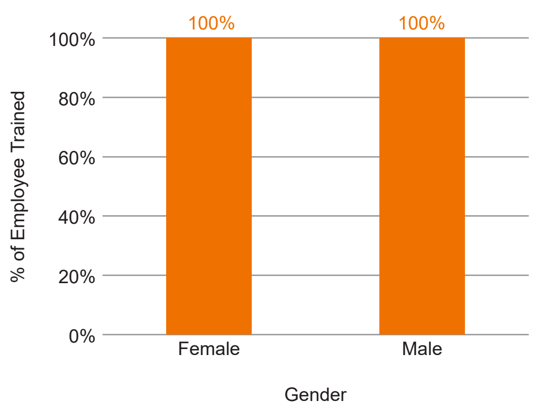
B3 Development and training

Talent Management

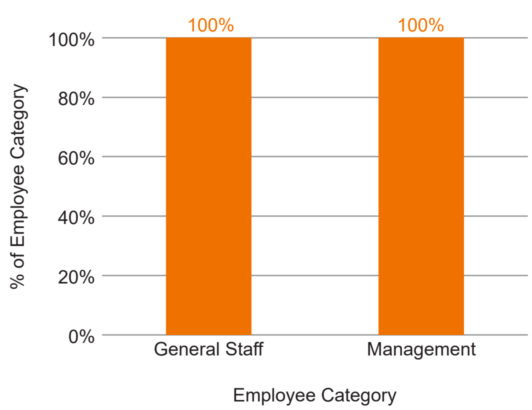
The Group is committed to strengthening its talent pool through establishing a compensation and benefits system and providing continuous and systematic on-the-job training and development to enable staff to keep abreast of the latest industry information and cutting-edge technological know-how. Accordingly, the staff is able to improve their individual competence comprehensively according to our business development objective, forging ahead and developing themselves during the development of the Company.

During the Reporting Period, the development and training statistics of Group employees by gender and employment category are disclosed in the following bar charts:

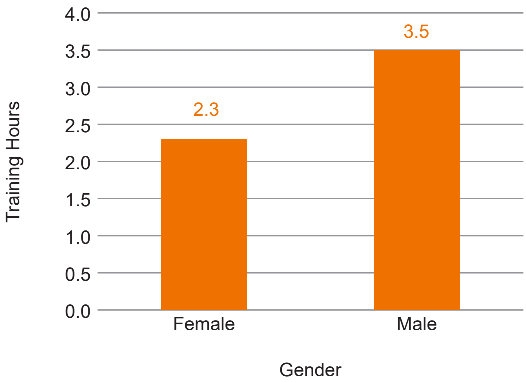
EMPLOYEE TRAINED BY GENDER



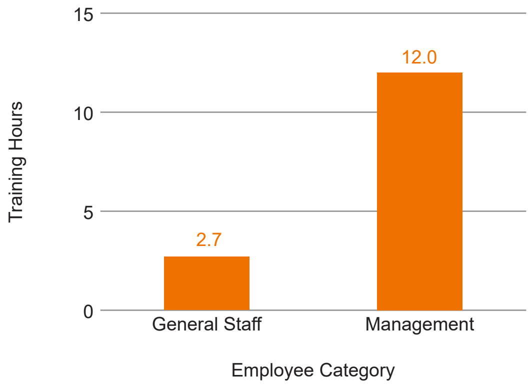
EMPLOYEE TRAINED BY EMPLOYEE CATEGORY



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE BY GENDER



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE BY EMPLOYEE CATEGORY



B4 Labour standards

Prohibiting Child and Forced Labour

The Group prohibits the employment of any individual below the legal age to work as defined by local laws and regulations. Personal data such as identification cards will be collected to verify the identity of the interviewee during the recruitment process to ensure the applicant is over the legally authorised working age pursuant to local labour laws.

The recruitment process of the Group is conducted in a fair, open and voluntary manner. Legal labour contracts are signed on the date of hiring. There was no child or forced labour employed by the Group during the Reporting Period.

In compliance with the requirements of the Labour Law, the Group employs individuals aged above 18 with valid identification documents issued by the relevant government department. Any case of child labour or forced labour, when discovered, shall be investigated, acted upon, and reported to the government authorities promptly in accordance with applicable laws. Further, the Group shall immediately terminate the employment contract and impose due punishment on the erring employees. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations in this respect.

B5 Supply chain management

Upholding High Procurement Standards

The Group always keeps track of the work processes done by the suppliers and subcontractors and conducts an annual selection process determining whether they are going to be remained or removed from the approved list after performance assessment. The selection criteria include but are not limited to their experience and past performance, willingness to match our management systems covering quality, environmental, safety and health, and energy management. By considering the procurement of machineries, QPME labelled, and Ultra Low Sulfur Diesel shall be selected at priority with the advantages of low noise and less pollution generated during operation and in compliance with the relevant legislative requirements. Furthermore, the Group is mindful of the importance to identify environmental and social risks along the supply chain, and implements careful consideration during the selection process and conducts regular reviews.

The Group currently has 20 suppliers in total, all suppliers are based in Hong Kong.

B6 Product Responsibility

Delivering Unmatched Product Quality

Despite different kinds of methodologies and materials needed in various types of foundation works, they all have one critical requirement in common which is the product standard quality. No matter how good the superstructure is, high quality foundation work that meets the construction standards is still the fundamental element to support the whole structure. The Group ensures a strong interrelationship with customers, stakeholders, and other interested parties throughout the whole construction stages. An open communication channel is always dedicated to our responsible staff for handling any queries or feedback as quickly as possible. For any feasible and practical improvement action to our operation being received, the possible solutions will be identified, recorded, and followed up with result monitoring by our delegated team members.

During the Reporting Period, there were no product recall cases for safety and health reasons. Furthermore, no product-related complaint was received. The Group actively intervenes in the quality assurance process and recall procedures to ensure high quality foundation work that meets the construction standards.

The Group also puts an emphasis on the data protection and privacy policies by taking the following measures. Employees shall make every effort to provide adequate awareness and physical protection when handling the Group's trade secrets, proprietary information or confidential data. Such information shall be held in strictest confidence and shall not be disclosed by the employee to any person, firm, or corporation except as necessary in carrying out his or her duties for the Group. Information including enquiries concerning the Group, its customers, business partners, existing and/or former employees should be directed to the appropriate party for proper handling. A breach of the above confidentiality provisions will result in disciplinary actions or dismissal without compensation. No material non-compliance in relation to confidentiality laws and regulations was recorded during the Reporting Period.

The Group has been strengthening the protection and day-to-day management of intellectual property rights for a long time and has standardized the filing of all patents obtained by the Company and assigned a dedicated department to be responsible for the application, protection, and management of intellectual property rights. During the Reporting Period, there was no non-compliance with relevant national laws and regulations in respect of health and safety, advertising, labelling, and privacy matters relating to products provided by the Group and methods of redress. No material non-compliance in relation to intellectual property rights laws and regulations was recorded during the Reporting Period.

B7 Anticorruption

Commitment to Anti-Corruption

The Group commits to maintaining a high standard of integrity when conducting business as we strongly believe that it is essential to meet the expectations of our stakeholders. Under the Chapter 201 Prevention of Bribery Ordinance, any Director or staff member who, without the permission of his employer or principal (i.e. the Company), solicits or accepts an advantage as a reward or inducement for doing any act or showing favour in relation to the latter's business, commits an offence. In addition, the person offering the advantage also commits an offence.

The Group accepts zero tolerance of any kind of any bribery, extortion, money laundering, false declaration, corruption and fraud. Our staff are encouraged to attend the talk organized by the Community Relations Department of the Hong Kong Independent Commission Against Corruption (ICAC) to let them have a clear picture when facing any issue which may be constructed to corruption during their daily works.

All staff are required to disclose and report to the management of any situation that may reasonably be implicated to a suspected case or give rise to a conflict of interest. Any violation of the anti-corruption regulations shall be subject to legal discretion. During the last whole year, zero corruption cases were noted, and we will stay clean and keep complying with the statutory requirements as always.

The Group has established policy as follows to promote and support "Anti-corruption and Prevention of Bribery", which applies to all employees including Directors of the Company. This Policy provides a means for the Company to conduct all its business activities with honesty, integrity and the highest possible ethical standards and vigorously enforce its business practice of not engaging in bribery or corruption; and to commit to the prevention of deterrence, detection of fraud, bribery, and all other corrupt business practices.

Employees include all individuals working at all levels and grades, including directors, senior managers, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, volunteers, interns, agents, sponsors, or any other person associated with the Company, or any of our subsidiaries or their employees; and other interested parties covering clients, customers, suppliers, distributors, business contacts, advisers, government and public bodies, including their advisors, representatives and officials, politicians and political parties shall read, understand and avoid any activity that might lead to, or suggest, a breach of this policy. A bribe may be anything of value and not just money, including but not limited to gifts, inside information, sexual or other favors, corporate hospitality, or entertainment, offering employment to a relative, payment or reimbursement of expenses, charitable donation or social contribution and abuse of function.

Corruption includes wrongdoing on the part of an authority or those in power through means that are illegitimate, immoral, or incompatible with ethical standards. Corruption often results from patronage and is associated with bribery. To maintain the highest standards of integrity, employees must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are recorded and submitted with the reason for the expenditure and relevant training in respect of this area are provided to staff covering directors and general staff. All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers, and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts will be kept "off-book" to facilitate or conceal improper payments and the same is ensured through effective monitoring and auditing mechanisms in place. Every person is encouraged to raise their concerns about any bribery issue or suspicion of malpractice at the earliest possible stage. If he/she is unsure whether a particular act constitutes bribery or corruption or if he/she has any other queries, these should be raised with their superior in accordance with the Whistle-blowing Policy.

This Whistleblower Policy applies to all employees including Directors of the Company. This Policy provides a means for every reporting to be treated with the utmost confidentiality and promptly investigated without the risk of recourse for the employee so long as their report is made in good faith. Employees on all levels, which include persons employed by or in any other type of relationship of authority to the Company as well as members of the board of directors are encouraged to report, in good faith, any questionable behavior or concern of suspected criminal or unethical conduct by or within the Company.

Any actual or suspected irregularity, malpractice, breach, or misconduct of a general, operational or financial nature within the Company based on reasonable grounds, including concerns that may be viewed as a breach of our code of conduct, is treated as reportable incident.

If requested, the Reporting Employee may receive general information on the progress and closing of the investigation and its outcome, unless giving such feedback would be detrimental to the investigation. The Company will make every effort to protect the employee against retaliation and to keep his/her identity confidential. On the contrary, the Company does not tolerate false accusations, if employee found to be deliberately falsifying reports or acting in a manner that is not consistent with the Company's codes of conduct will be subject to the disciplinary action as deemed appropriate.

During the Reporting Period, there were no concluded legal cases regarding corruption brought against the Group or its employees. In addition, no material non-compliance in relation to anti-corruption laws and regulations was recorded during the Reporting Period.

B8 Community investment

Contributing to the Welfare of Society

The Group encourages staff to take part in community welfare and voluntary work and our directors actively maintain communication with non-governmental organizations to understand community needs for the sake of fulfilling its responsibility in giving back to the society.

Over the years, the Group contributes to the community and works towards building a caring society, by donating to charities and supporting a wide range of services of the society such as in the areas of education, environmental concerns and social equality.

Honorary name	Act of service	Date
Rainbow Foundation Ltd.	Bronze Sponsor	5 November 2022
Rainbow Foundation Ltd.	Donation	12 October 2022
Rainbow Foundation Ltd.	Walkathon in Ma Wan 2022	5 November 2022

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SHEUNG YUE GROUP HOLDINGS LIMITED
(上諭集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sheung Yue Group Holdings Limited (the "Company") and its subsidiaries (collectively referred as "the Group") set out on pages 60 to 131, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

KEY AUDIT MATTERS (Continued)

(a) Accounting for construction contracts

Refer to notes 6(a) and 18 to the consolidated financial statements and the accounting policies in note 3(m) to the consolidated financial statements.

The Group recorded revenue from construction contracts of approximately HK$315,136,000 for the year ended 31 March 2023.

Contract revenue is recognised over time using the output method, based on direct measurements of the value of services delivered or work performed, which is established by reference to surveys of contract work performed. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.

The recognition of contract revenue and costs relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable.

We identified contract revenue and costs as a key audit matter because the estimation of the total contract revenue and total contract costs to complete contracts require significant management judgement and estimation and the associated financial statement items are quantitatively significant to the consolidated financial statements as a whole.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of contract revenue and costs included the following:

- Obtaining an understanding on the key internal controls on recognition of contract revenue and costs;

- Discussing with the management on the performance of the major contract in progress during the year;

KEY AUDIT MATTERS (Continued)

(a) Accounting for construction contracts (Continued)

How the matter was addressed in our audit (Continued)

- Comparing the contract revenue recognised with reference to the progress certificates issued by customers, on a sample basis;

- Testing, on a sample basis, the contract agreement with subcontractors and other underlying supporting documents during the reporting period.

We consider the management's estimation used to determine the revenue and costs as well as the revenue recognised to be supportable based on the evidence available.

(b) Allowance for credit loss of contract assets

Refer to note 18 to the consolidated financial statements and the accounting policies in note 3(g) to the consolidated financial statements.

The carrying value of the Group's contract assets as at 31 March 2023 was approximately HK$70,799,000 after deduction of allowance for credit loss of approximately HK$1,661,000.

Management estimates the allowance for credit loss at an amount equal to lifetime expected credit loss for contract assets with assessments of allowance for credit loss and estimated loss rates based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and forward-looking information. Such assessment involves a significant degree of judgement.

We identified the allowance for credit loss of contract assets as a key audit matter because of the inherent uncertainty in assessing if contract assets will be recovered in full and because the assessment of allowance for credit loss requires the exercise of significant management judgement.

KEY AUDIT MATTERS (Continued)

(b) Allowance for credit loss of contract assets (Continued)

How the matter was addressed in our audit

Our audit procedures to assess the allowance for credit loss of contract assets include the following:

- Obtaining an understanding on the key internal controls relating to credit control, debt collection, estimate of allowance for credit loss and making related allowances;

- Obtaining an understanding on the key data and assumptions of the allowance for credit loss model adopted by the management, including the basis of the segmentation of the contract assets based on credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate;

- Assessing the reasonableness of management's estimate of allowance for credit loss by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

- Testing, on a sample basis, the subsequent settlement and actual billing to customers.

We considered the management conclusion to be consistent with the available information.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the those charged with governance 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 those charged with governance 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.

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

From the matters communicated with those charged with governance, 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 Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants
10/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Hong Kong, 30 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** HK$'000	2022 HK$'000
Revenue	6	**315,136**	213,665
Cost of services		**(280,741)**	(181,129)
Gross profit		**34,395**	32,536
Other income	6	**7,094**	3,505
Other net gains and losses	6	**(1,632)**	3,191
Administrative expenses		**(24,866)**	(25,915)
Profit from operation	7	**14,991**	13,317
Finance costs	8	**(4,155)**	(2,125)
Profit before taxation		**10,836**	11,192
Income tax	11	**–**	–
Profit and total comprehensive income for the year attributable to owners of the Company		**10,836**	11,192
		HK cents	HK cents
Earnings per share	13		
– Basic and diluted		**1.58**	1.63

The notes on pages 66 to 131 form part of these financial statements.

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	14	**92,846**	63,244
Right-of-use assets	15	**14,093**	17,300
Financial asset at fair value through profit or loss	16	**2,860**	2,789
Rental deposit	19	**520**	520
Deposit paid for acquisition of machineries	19	**2,250**	6,280
		112,569	90,133
Current assets			
Inventories	17	**14,037**	12,839
Contract assets	18	**70,799**	83,281
Trade and other receivables	19	**85,375**	76,468
Pledged bank deposits	20	**–**	11,238
Cash and cash equivalents	20	**29,106**	14,342
		199,317	198,168
Current liabilities			
Trade and other payables	21	**37,510**	45,594
Lease liabilities	22	**7,071**	7,170
Bank and other loans	23	**85,042**	63,095
		129,623	115,859
Net current assets		**69,694**	82,309
Total assets less current liabilities		**182,263**	172,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	22	**2,030**	6,180
Bank and other loans	23	**3,135**	–
		5,165	6,180
NET ASSETS		**177,098**	166,262
Equity			
Share capital	25	**6,848**	6,848
Reserves	25	**170,250**	159,414
TOTAL EQUITY		**177,098**	166,262

The consolidated financial statements for the year ended 31 March 2023 were approved and authorised for issue by the Board of Directors of the Company on 30 June 2023.

Chan Lap Wai Gary
Director

Chan Lap Chuen Edmond
Director

The notes on pages 66 to 131 form part of these financial statements.

	Attributable to owners of the Company						
	Share capital (Note 25(a)) HK$'000	Share premium (Note 25(b)(i)) HK$'000	Merger reserve (Note 25(b)(ii)) HK$'000	Capital reserve (Note 25(b)(iv)) HK$'000	Foreign exchange reserve (Note 25(b)(v)) HK$'000	Retained earnings (Note 25(b)(vi)) HK$'000	Total HK$'000
As at 1 April 2021	6,848	98,111	10,010	3,446	244	36,411	155,070
Profit and total comprehensive income for the year	–	–	–	–	–	11,192	11,192
As at 31 March 2022 and as at 1 April 2022	6,848	98,111	10,010	3,446	244	47,603	166,262
Profit and total comprehensive income for the year	–	–	–	–	–	10,836	10,836
As at 31 March 2023	**6,848**	**98,111**	**10,010**	**3,446**	**244**	**58,439**	**177,098**

The notes on pages 66 to 131 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 HK$'000	2022 HK$'000
Cash flows from operating activities		
Profit before taxation	**10,836**	11,192
Adjustments for:		
Depreciation of property, plant and equipment	**21,185**	15,423
Depreciation of right-of-use assets	**6,786**	5,406
Finance costs	**4,155**	2,125
Interest income from bank deposits	**(7)**	(14)
Gain on fair value changes in financial asset at FVTPL	**(71)**	(71)
Exchange difference arising from financial asset at FVTPL	**–**	(42)
Loss/(gain) on disposal/written off of property, plant and equipment	**5**	(1,729)
Allowance for/(reversal of) credit losses on:		
– Other receivables	**881**	1,473
– Contract assets	**254**	(2,864)
Written off of prepayment	**563**	–
	44,587	30,899
Changes in working capital		
Increase in inventories	**(1,198)**	(8,553)
Increase in trade and other receivables	**(10,351)**	(24,410)
Decrease in contract assets	**12,228**	22,611
Decrease in trade and other payables	**(8,084)**	(42,401)
Cash generated/(used in) from operations	**37,182**	(21,854)
Income tax refunded	**–**	–
Net cash generated/(used in) from operating activities	**37,182**	(21,854)

	2023 HK$'000	2022 HK$'000
Cash flows from investing activities		
Purchases of property, plant and equipment	**(44,528)**	(24,904)
Proceeds from disposal of property, plant and equipment	**16**	3,600
Payments for rental deposits	**–**	(300)
Decrease in pledged bank deposits	**11,238**	7,978
Interest income from bank deposits	**7**	14
Payments for right-of-use assets	**–**	(864)
Deposits paid for acquisition of machineries	**(2,250)**	(6,280)
Net cash used in investing activities	**(35,517)**	(20,756)
Cash flows from financing activities		
Proceeds from bank and other loans	**247,291**	143,592
Repayment of lease liabilities	**(7,828)**	(6,339)
Repayment of bank and other loans	**(222,209)**	(99,956)
Interest paid	**(4,155)**	(2,125)
Net cash generated from financing activities	**13,099**	35,172
Net increase/(decrease) in cash and cash equivalents	**14,764**	(7,438)
Cash and cash equivalents at beginning of the year	**14,342**	21,780
Cash and cash equivalents at end of the year	**29,106**	14,342

The notes on pages 66 to 131 form part of these consolidated financial statements.

1. GENERAL

The Company was incorporated in the Cayman Islands on 23 March 2016, as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Units 103-105, 1st Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to as the "Group") are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

As at 31 March 2023 and 2022, the directors consider the immediate and ultimate holding company of the Company to be Creative Elite Global Limited, which incorporated in British Virgin Islands.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

The directors do not anticipate that the application of new and amendments to HKFRSs will have material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets.*

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

(d) Subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and the costs 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 the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Leasehold land and building	over the lease term
Plant and machinery	12.5% – 20%
Furniture and equipment	20%
Motor vehicles	20%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

(g) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other net gains and losses in fair value of financial assets at FVTPL" line item.

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets, pledged bank deposits, and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed collectively and individually.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

(a) Past-due status;

(b) Nature, size and industry of debtors; and

(c) External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank and other loans are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental cost which the Group must incur to make the sale.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Contract assets

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL and are reclassified to receivables when the right to the consideration has become unconditional.

(k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- investments in a subsidiary (recognised in the statement of financial position of the Company).

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

(m) Revenue recognition

Revenue from contracts with customers

The Group provides building construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(i) Construction services

Revenue from the provision of construction services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

(ii) Other income – rental income

Rental income from operating lease is recognised on a time proportion basis over the lease terms.

(iii) Other income – Interest income

Interest income from bank deposits is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits at certain of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on successful completion of work. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassified to trade receivable upon completion of work and acceptance by the customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which are usually two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each of the period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each of the period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income taxes (Continued)

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

(o) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that grants will be received.

(q) Employee benefits

(i) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

(ii) *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(r) Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Contingent assets/liabilities

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

(i) Construction contract revenue recognition

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity 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 period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

(ii) Impairment of trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in circumstances and forecast general economic conditions.

(iii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable profit against which the deferred tax assets can be utilised, which involves a number of assumptions and estimates relating to the operating environment of the Group and requires a significant level of judgement exercised by management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the profit in future periods.

5. SEGMENT INFORMATION

(i) Operating segments

The chief operating decision maker ("CODM") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group was principally engaged in provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results and financial position of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(ii) Geographical information

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

5. SEGMENT INFORMATION (Continued)

(iii) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2023	2022
	HK$'000	HK$'000
Customer A	**85,978**	26,172
Customer B	**78,382**	–
Customer C	**49,901**	–
Customer D	**35,242**	22,724
Customer E	–*	37,767
Customer F	–*	35,361
Customer G	–*	35,105

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

6. REVENUE, OTHER INCOME AND OTHER NET GAINS AND LOSSES

a) Revenue

The Group's revenue represents amount received and receivable from contract work performed and recognised in accordance with accounting policy set out in Note 3(m) above during the year.

As at 31 March 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$318,221,000 (2022: HK$340,665,000).

This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months.

6. REVENUE, OTHER INCOME AND OTHER NET GAINS AND LOSSES (Continued)

b) Other income and other net gains and losses

An analysis of the Group's other income and other net gains and losses recognised during the year are as follows:

	2023 HK$'000	2022 HK$'000
Other income		
Interest income on bank deposits	**7**	14
Total interest income from financial assets that are not at fair value through profit or loss	**7**	14
Rental income	**3,431**	2,694
Government grant *(note)*	**2,792**	–
Income from sale of scrap materials	**121**	51
Income from the staff outsourcing	**649**	672
Sundry income	**94**	74
	7,094	3,505

Note: During the year ended 31 March 2023, the Group recognised government grants of HK$2,656,000 in respect of Covid-19-related subsidies which relates to Employment Support Scheme provided by Hong Kong Government as a support. There were no unfulfilled conditions or contingencies relating to these government grants. The remainings represent other government grants.

	2023 HK$'000	2022 HK$'000
Other net gains and losses		
(Loss)/gain on disposal/written off of property, plant, and equipment	**(5)**	1,729
Gain on fair value changes in financial asset at FVTPL	**71**	71
Reversal/(allowance) of credit losses, net of recognised:		
– Contract assets	**(254)**	2,864
– Other receivables	**(881)**	(1,473)
Written off of prepayment	**(563)**	–
	(1,632)	3,191

7. PROFIT FROM OPERATION

The Group's profit from operation has been arrived at after charging:

	2023 HK$'000	2022 HK$'000
Auditor's remuneration	**480**	430
Depreciation		
– Property, plant and equipment	**21,185**	15,423
– Right-of-use assets	**6,786**	5,406
	27,971	20,829
Expenses related to short term leases	**18,211**	15,541
Staff costs (including directors' remuneration) *(Note 9)*	**60,588**	50,320

8. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**566**	709
Interest on bank overdrafts	**48**	8
Interest on bank and other loans	**3,541**	1,408
	4,155	2,125

9. STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2023	2022
	HK$'000	HK$'000
Salaries and allowances	**57,949**	47,641
Contribution to defined contribution retirement plan	**1,438**	1,340
Performance related bonuses	**1,201**	1,339
	60,588	50,320

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(i) Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Performance related bonuses HK$'000	Contribution to defined contribution retirement plan HK$'000	Total HK$'000
Year ended 31 March 2023					
Executive directors:					
– Mr. Chan Lap Wai Gary	**–**	**1,807**	**100**	**9**	**1,916**
– Mr. Chan Lap Chuen Edmond	**–**	**1,625**	**100**	**18**	**1,743**
– Ms. Chan Chin Ying Amanda	**–**	**1,118**	**80**	**18**	**1,216**
Independent non-executive directors:					
– Mr. Li Hon Hung	**180**	**–**	**–**	**–**	**180**
– Mr. Cheng Chi Hung	**180**	**–**	**–**	**–**	**180**
– Mr. Wong Yip Kong	**180**	**–**	**–**	**–**	**180**
	540	**4,550**	**280**	**45**	**5,415**
Year ended 31 March 2022					
Executive directors:					
– Mr. Chan Lap Wai Gary	–	1,807	100	18	1,925
– Mr. Chan Lap Chuen Edmond	–	1,625	100	18	1,743
– Ms. Chan Chin Ying Amanda	–	1,118	80	18	1,216
Independent non-executive directors:					
– Mr. Li Hon Hung	180	–	–	–	180
– Mr. Cheng Chi Hung	180	–	–	–	180
– Mr. Wong Yip Kong	180	–	–	–	180
	540	4,550	280	54	5,424

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(i) Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows: (Continued)

The executive directors' emoluments shown above were for their service in connections with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office for both years.

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 3 (2022: 3) directors for the year ended 31 March 2023, whose emoluments are reflected in the analysis as shown above. The emoluments of the remaining 2 (2022: 2) highest paid individuals are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and allowances	**1,866**	1,835
Contribution to defined contribution retirement plan	**36**	36
Performance related bonuses	**235**	150
	2,137	2,021

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(ii) Five highest paid individuals (Continued)

Their remuneration fell within the following bands:

	2023 Number of employees	2022 Number of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
	2	2

None of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office for both years.

(iii) Senior management's emoluments excluding the directors

The emoluments paid or payable to members of senior management (excluding the directors) were within the following bands:

	2023 Number of employees	2022 Number of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

The emoluments of 2 (2022: 2) members of senior management are included in five highest paid individuals for the year ended 31 March 2023 as set out in Note 10 (ii) above.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK$'000	HK$'000
Income tax	–	–

Notes:

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

(ii) Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

For the year ended 31 March 2023, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK$2,000,000 of that subsidiary. The profits of other group entities not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided for the years ended 31 March 2023 and 31 March 2022 as the Group has no assessable profit for the year and the previous year.

(iii) Macau Complementary Income Tax is calculated at 12% (2022: 12%) of the estimated assessable profits for the year ended 31 March 2023.

No Macau Complementary Income Tax has been provided since there were no assessable profit generated for the years ended 31 March 2023 and 31 March 2022.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

The income tax for the year, can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	HK$'000
Profit before taxation	**10,836**	11,192
Tax calculated at the applicable statutory tax rate for Hong Kong of 16.5%	**1,788**	1,847
Tax effect of non-taxable income	**(462)**	(806)
Tax effect of utilisation of tax losses recognised in prior years	**(48)**	–
Tax effect of tax losses not recognised	**1,037**	1,736
Tax effect of non-deductible items	**270**	261
Tax effect of temporary difference not recognised	**(2,585)**	(3,038)
Income tax for the year	**–**	–

12. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

13. EARNINGS PER SHARE

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

	2023	2022
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**10,836**	11,192

	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *(Note)*	**684,750**	684,750

Note:

Weighted average number of ordinary shares for the years ended 31 March 2023 and 2022 are based on the number of ordinary shares in issue throughout the year.

Diluted earnings per share is same as basic earnings per share during the years ended 31 March 2023 and 2022. There was no potential dilutive ordinary shares.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
As at 1 April 2021	84,611	1,561	14,148	100,320
Additions	24,904	–	–	24,904
Disposals	(7,980)	–	(3,344)	(11,324)
As at 31 March 2022 and as at 1 April 2022	101,535	1,561	10,804	113,900
Additions	49,161	–	1,647	50,808
Disposals	(189)	–	(557)	(746)
As at 31 March 2023	**150,507**	**1,561**	**11,894**	**163,962**
Accumulated depreciation				
As at 1 April 2021	30,222	1,480	12,984	44,686
Charge for the year	14,874	31	518	15,423
Written back on disposals	(6,109)	–	(3,344)	(9,453)
As at 31 March 2022 and as at 1 April 2022	38,987	1,511	10,158	50,656
Charge for the year	20,647	22	516	21,185
Written back on disposals	(185)	–	(540)	(725)
As at 31 March 2023	**59,449**	**1,533**	**10,134**	**71,116**
Carrying value				
As at 31 March 2023	**91,058**	**28**	**1,760**	**92,846**
As at 31 March 2022	62,548	50	646	63,244

As at 31 March 2023, the Group's machinery of HK$8,232,000 were pledged as collateral for the Group's other loan of HK$6,087,000.

15. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	Properties leased for own use HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost			
As at 1 April 2021	7,514	10,500	18,014
Additions	3,478	4,880	8,358
As at 31 March 2022 and as at 1 April 2022	10,992	15,380	26,372
Additions	3,579	–	3,579
Termination	(3,937)	–	(3,937)
As at 31 March 2023	**10,634**	**15,380**	**26,014**
Accumulated depreciation			
As at 1 April 2021	2,277	1,389	3,666
Charge for the year	2,793	2,613	5,406
As at 31 March 2022 and as at 1 April 2022	5,070	4,002	9,072
Charge for the year	4,173	2,613	6,786
Termination	(3,937)	–	(3,937)
As at 31 March 2023	**5,306**	**6,615**	**11,921**
Carrying Value			
As at 31 March 2023	**5,328**	**8,765**	**14,093**
As at 31 March 2022	5,922	11,378	17,300

15. RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023	2022
	HK$'000	HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	**4,173**	2,793
– Plant and machinery	**2,613**	2,613
	6,786	5,406
Expense relating to short-term leases	**18,211**	15,541
Total cash outflow for lease	**26,605**	22,589

For both years, the Group leases various offices premises and equipment for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	HK$'000
Insurance policy, at fair value	**2,860**	2,789

Financial asset at fair value through profit or loss represents a life insurance policy purchased to insure against the death of a director, Mr. Chan Lap Wai Gary (the "Insured"), with an aggregate insured sum of US$1,000,000 (equivalent to approximately HK$7,525,000). Under the policy, the beneficiary and policyholder is Simon & Sons Engineering Limited. The Group paid a single premium payment of US$355,797 (equivalent to approximately HK$2,763,000). An annual minimum guaranteed return is 4.2% and 2% for the first year and from the second year to the end of the policy, respectively. If the Group withdrew from the insurance contract, the account value, net of a surrender charge, would be refunded to the Group, in accordance with the terms and conditions of the policy. The surrender charge as at 31 March 2023 is US$42,474 (approximately HK$331,000) (2022: US$45,378 (approximately HK$355,000)). The amount of the surrender charge decreases over time and will no longer be required from the 19th year of contract conclusion onwards.

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The directors consider that the carrying amount of the investment in a life insurance policy approximates to its fair value. The fair value of the investment in a life insurance policy is provided by the insurance company which is determined with reference to the account value, net of a surrender charge.

As at 31 March 2023 and 2022, the Group's investment in a life insurance policy is grouped into Level 3 category of fair value hierarchy. Details of the fair value measurement are disclosed in Note 30.

17. INVENTORIES

	2023	2022
	HK$'000	HK$'000
Construction materials	**14,037**	12,839

18. CONTRACT ASSETS

	2023	2022
	HK$'000	HK$'000
Arising from performance under construction contracts	**72,460**	84,762
Less: allowance for credit loss	**(1,661)**	(1,481)
	70,799	83,281

As at 1 April 2021, contract assets amounted to HK$103,028,000.

Included in carrying amount of contract assets comprises retention receivables of approximately HK$31,093,000 (2022: HK$26,231,000) as at 31 March 2023.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed as receipt of consideration is conditional on successful completion of work.

18. CONTRACT ASSETS (Continued)

Construction contracts

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. Upon completion of work and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The Group also typically agrees to a 2 years retention period of the total contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. For retention receivables in respect of construction contracts, the due dates are usually 2 years after completion of the construction work.

The amount of contract assets (net of allowance for credit losses) that is expected to be recovered after more than one year is approximately HK$20,573,000 (2022: HK$12,306,000), all of which relates to retention receivables.

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

Details of impairment assessment are set out in note 29(a).

19. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables *(note (a))*	**31,545**	20,975
Advances to subcontractors *(note (b))*	**48,370**	52,106
Other receivables	**1,712**	–
Prepayments and deposits	**6,518**	10,187
	88,145	83,268
Less: Non-current portion		
Rental deposit	**(520)**	(520)
Deposit paid for acquisition of machineries	**(2,250)**	(6,280)
Total current portion	**85,375**	76,468

Notes:

(a) Trade receivables were mainly derived from provision of foundation works, including piling construction, ELS works, pile cap construction, site formation and ancillary services, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

A credit period of less than 60 days since the issuance of invoice or payments received from main contractor is granted by the Group to its trade customers of contract work. Application for progress payments of contract works is made on a regular basis.

The following is an aged analysis of trade receivables presented based on the invoice dates:

	2023 HK$'000	2022 HK$'000
0-30 days	**21,467**	9,752
31-90 days	**9,817**	6,545
More than 90 days	**261**	4,678
	31,545	20,975

The directors do not consider the amounts as significant increase in credit risk with reference to the historical records, past experience and also available reasonable and supportive forward-looking information of these receivables, and the recurring overdue record of these receivables with satisfactory settlement history.

(b) All advances to subcontractors are interest free and have no fixed terms of repayment.

Over 95% of advance to subcontractors was subsequently settled after the end of the reporting period.

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

Detail of impairment assessment are set out in note 29(a).

20. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2023	2022
	HK$'000	HK$'000
Cash and bank balances	**29,106**	25,580
Less: pledged bank deposits	**–**	(11,238)
Cash and cash equivalents	**29,106**	14,342

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group has pledged its bank balances as securities for its banking facilities. As at 31 March 2023 and 2022, the Group's banking facilities were secured by:

(a) the Group's bank deposits amounting to approximately HK$11,238,000 for 31 March 2022 (2023: HK$Nil);

(b) properties of related companies controlled by a director of the Company; and

(c) individual guarantee by the directors of the Company.

Details of impairment assessment of bank balances and pledged bank deposits are set out in note 29(a).

21. TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables *(note (a))*	**20,969**	22,843
Retention payables *(note (b))*	**8,837**	14,240
Other payables and accruals *(note (c))*	**7,704**	8,511
	37,510	45,594

Notes:

(a) An aged analysis of trade payables, based on the invoice dates, is as follows:

	2023 HK$'000	2022 HK$'000
0-30 days	**4,458**	7,705
31-90 days	**8,112**	9,276
91-365 days	**6,548**	2,490
More than 365 days	**1,851**	3,372
	20,969	22,843

The Group's trade payables are non-interest bearing and generally have payment terms of 30 to 60 days.

(b) Retention monies withheld from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

Included in retention payables of approximately HK$6,078,000 (2022: HK$13,926,000) were expected to be settled more than twelve months after the reporting period.

(c) Other payables are non-interest bearing and generally have payment term of 30-60 days.

22. LEASES LIABILITIES

	2023	2022
	HK$'000	HK$'000
Lease liabilities payables:		
Within one year	**7,071**	7,170
Within a period of more than one year but not exceeding two years	**1,497**	5,911
Within a period of more than two year but not exceeding five years	**533**	269
	9,101	13,350
Less: Amount due for settlement with 12 months shown under current liabilities	**(7,071)**	(7,170)
Amount due for settlement after 12 months shown under non-current liabilities	**2,030**	6,180

The weighted average incremental borrowing rates applied to lease liabilities is 3.62% (2022: 4.87%).

All lease liabilities are denominated in HK$.

The present value of future lease payments are analysed as:

	2023	2022
	HK$'000	HK$'000
Current liabilities	**7,071**	7,170
Non-current liabilities	**2,030**	6,180
	9,101	13,350

23. BANK AND OTHER LOANS

	2023	2022
	HK$'000	HK$'000
Secured bank loans	**82,090**	63,095
Secured other loan	**6,087**	–
	88,177	63,095

	2023	2022
	HK$'000	HK$'000
The carrying amounts of the above bank and other loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**58,241**	57,817
Within a period of more than one year but not exceeding two years	**6,609**	808
Within a period of more than two years but not exceeding five years	**11,602**	2,562
Within a period of more than 5 years	**11,725**	1,908
	88,177	63,095
Less: Amounts due within one year shown under current liabilities	**(85,042)**	(63,095)
Amounts shown under non-current liabilities	**3,135**	–

Bank and other loans with the aggregate carrying amount of approximately HK$88,177,000 (2022: HK$63,095,000) are secured by:

(a) the Group's bank deposits amounting to approximately HK$11,238,000 for the year ended 31 March 2022 (2023: Nil);

(b) the Group's machinery amounting to approximately HK$8,232,000 (2022: Nil).

(c) properties of related companies controlled by a director of the Company; and

(d) individual guarantee by the directors of the Company.

23. BANK AND OTHER LOANS (Continued)

Effective interest rates

The following table shows average effective interest rate of the bank and other loans of the Group:

	2023		2022	
	Average effective interest rate	**Carrying amount**	Average effective interest rate	Carrying amount
	%	**HK$'000**	%	HK$'000
Variable rate:				
Bank loans	**5.134**	**82,090**	3.066	63,095
Fixed rate:				
Other loan	**6.197**	**6,087**	–	–
		88,177		63,095

All bank loans denominated in HK$.

For the year ended 31 March 2023, included in secured bank loans, amounting to HK$23,505,000 (2022: HK$21,857,000) are borrowed under the Small and Medium Enterprises Financing Guarantee Scheme operated by Hong Kong Mortgage Corporation Insurance Limited. The bank loans were guaranteed by the directors of the Company.

24. DEFERRED TAXATION

Details of the deferred tax assets and liabilities recognised and movements during the current and prior years:

	Accelerated depreciation allowances	Tax losses	Total
	HK$'000	HK$'000	HK$'000
As at 1 April 2021	(8,068)	8,068	–
(Charged)/credited to profit or loss for the year	(364)	364	–
As at 31 March 2022 and 1 April 2022	(8,432)	8,432	–
(Charged)/credited to profit or loss for the year	(3,428)	3,428	–
As at 31 March 2023	(11,860)	11,860	–

24. DEFERRED TAXATION (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023	2022
	HK$'000	HK$'000
Deferred tax assets	**11,860**	8,432
Deferred tax liabilities	**(11,860)**	(8,432)
	–	–

In accordance with the accounting policy set out in note 3(n), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$45,653,000 (2022: HK$59,130,000) as it is not probable that future taxable profit against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

25. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of ordinary shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	684,750,000	6,848

25. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Movements in the Company's reserves during the years are as follows:

	Share premium *(Note (i))* HK$'000	Contributed surplus *(Note (iii))* HK$'000	Capital reserve *(Note (iv))* HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2021	98,111	123,683	3,446	(98,413)	126,827
Loss for the year	–	–	–	(1,488)	(1,488)
As at 31 March 2022 and as at 1 April 2022	98,111	123,683	3,446	(99,901)	125,339
Loss for the year	–	–	–	(1,559)	(1,559)
As at 31 March 2023	**98,111**	**123,683**	**3,446**	**(101,460)**	**123,780**

The nature and purpose of reserves within equity are as follows:

(i) Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Merger reserve

Merger reserve of the Group represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries.

(iii) Contributed surplus

Contributed surplus of approximately HK$123,683,000 represents the excess of the then carrying amount of the Company's share of equity value of a subsidiary namely Favourable Year Limited acquired and the nominal value of the Company's shares issued for such acquisition.

25. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

(iv) Capital reserve

Pursuant to a written confirmation, the ultimate holding company agreed to bear the listing expenses in connection with 50,000,000 sale shares sold through the public offer and placing of the Company's shares during the year and reimburse its share of these expenses to the Company upon the listing of the Company's share on the Main Board of the Stock Exchange. The reimbursement of approximately HK$3,446,000 by the ultimate holding company in its capacity as a shareholder was accounted for as capital contribution to the Company.

(v) Foreign exchange reserve

It comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

(vi) Retained earnings

It represents cumulative net profits recognised in the consolidated statement of profit or loss and other comprehensive income.

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment in a subsidiary		**123,684**	123,684
Current assets			
Prepayment		**113**	113
Amount due from a subsidiary		**6,788**	8,340
Cash and bank balances		**143**	142
		7,044	8,595
Current liabilities			
Accrual and other payable		**100**	92
Net current asset		**6,944**	8,503
NET ASSET		**130,628**	132,187
Equity			
Share capital	25(a)	**6,848**	6,848
Reserves	25(b)	**123,780**	125,339
TOTAL EQUITY		**130,628**	132,187

The Company's statement of financial position was approved and authorised for issue by the Board of Directors of the Company on 30 June 2023.

Chan Lap Wai Gary	**Chan Lap Chuen Edmond**
Director	*Director*

27. PARTICULARS OF SUBSIDIARIES OF THE GROUP

The following list contains the particulars of all subsidiaries of the Group:

Name of the entity	Place and date of incorporation and form of business structure	Proportion of ownership and voting rights held by the Group				Issued and fully paid ordinary share capital	Principal activities and principal place of business
		2023		2022			
		Direct	**Indirect**	Direct	Indirect		
Favourable Year Limited	BVI, 3 March 2016, limited liability company	**100%**	**–**	100%	–	US$200 divided into 200 ordinary shares of US$1 each	Investment holding, Hong Kong
Rainbow Republic Limited	BVI, 16 December 2015, limited liability company	**–**	**100%**	–	100%	1 share of US$1	Investment holding, Hong Kong
Simon & Sons Engineering Limited	Hong Kong, 31 October 1986, limited liability company	**–**	**100%**	–	100%	Ordinary shares of HK$90,000,000	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Hong Kong
Simon & Sons Engineering (Macau) Limited	Macau, 19 April 2002, limited liability company	**–**	**100%**	–	100%	Registered capital of MOP200,000	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Macau
Vanbo Engineering Limited	Hong Kong, 18 February 1993, limited liability company	**–**	**100%**	–	100%	Ordinary shares of HK$2	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Hong Kong

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank overdrafts interest payable HK$'000	Bank and other loans HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 April 2021	–	19,459	13,171	32,630
Financing cash flows				
Proceeds from bank loans	–	143,592	–	143,592
Repayment of bank loans	–	(99,956)	–	(99,956)
Repayment of lease liabilities	–	–	(6,339)	(6,339)
Interest paid	(8)	(1,408)	(709)	(2,125)
Non-cash changes				
New lease entered	–	–	6,518	6,518
Interest incurred	8	1,408	709	2,125
As at 31 March 2022 and as at 1 April 2022	**–**	**63,095**	**13,350**	**76,445**
Financing cash flows				
Proceeds from bank and other loans	**–**	**247,291**	**–**	**247,291**
Repayment of bank and other loans	**–**	**(222,209)**	**–**	**(222,209)**
Repayment of lease liabilities	**–**	**–**	**(7,828)**	**(7,828)**
Interest paid	**(48)**	**(3,541)**	**(566)**	**(4,155)**
Non-cash changes				
New lease entered	**–**	**–**	**3,579**	**3,579**
Interest incurred	**48**	**3,541**	**566**	**4,155**
As at 31 March 2023	**–**	**88,177**	**9,101**	**97,278**

29. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets are financial asset at FVTPL, trade and other receivables, pledged bank deposits, cash and cash equivalents and contract assets, that derive principally directly from its operations. Principal financial liabilities of the Group are trade and other payables, and bank and other loans. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has not issued and does not hold any financial instruments for trading purposes at the end of each of the reporting period. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% of the total trade receivables as at 31 March 2023 and 2022. The Group has concentration of credit risk as 75% (2022: 61%) and 99% (2022: 85%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the property construction business segment. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk and impairment assessment (Continued)

Trade receivables and contract assets (Continued)

The management of the Group consider that the credit risk of trade receivables are insignificant after considering the credit quality; finance quality of relevant trade customers of contract work and there is no history of default in settlement by them. In the opinion of the management of the Group the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balance is insignificant thus no impairment loss on trade receivable was recognised for both years.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In general, the Group does not obtain any collateral from customers.

The Group measures loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected credit loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management performed impairment under ECL model on other receivables and deposit, an allowance of credit losses for other receivables HK$881,000 was recognised into profit or loss during the year ended 31 March 2023 (2022: HK$1,473,000).

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk and impairment assessment (Continued)

Movement in the allowance for credit loss in respect of trade receivables and contract assets during the year is as follows:

	2023			2022		
		Gross	**Expected**		Gross	Expected
	Average	**carrying**	**credit**	Average	carrying	credit
	loss rate	**amount**	**loss**	loss rate	amount	loss
Trade receivables	**%**	**HK$'000**	**HK$'000**	%	HK$'000	HK$'000
Current (not past due)	**–**	**30,166**	**–**	–	18,581	–
1-30 days past due	**–**	**1,379**	**–**	–	2,394	–
		31,545	**–**		20,975	–

	2023	2022
Contract assets	**HK$'000**	HK$'000
Expected credit loss rate (%)	**2.292%**	1.747%
Gross carrying amount	**72,460**	84,762
Expected credit loss	**(1,661)**	(1,481)
Net carrying amount	**70,799**	83,281

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk and impairment assessment (Continued)

	Other receivables	Contract assets	Total
	HK$'000	HK$'000	HK$'000
As at 1 April 2021	–	7,134	7,134
Allowance for expected credit loss recognised	1,473	–	1,473
Reversed of expected credit loss recognised	–	(2,864)	(2,864)
Written-off	–	(2,789)	(2,789)
As at 31 March 2022 and as at 1 April 2022	1,473	1,481	2,954
Allowance for expected credit loss recognised	881	254	1,135
Written-off	(1,406)	(74)	(1,480)
As at 31 March 2023	948	1,661	2,609

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the years and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

		Contracted undiscounted cash outflow				
	Weight average interest rate	Within 1 year or on demand	Over 1 year but less than 2 years	Over 2 years	Total	Carrying amounts at 31 March
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2023						
Trade and other payables	**–**	**20,896**	**8,837**	**7,777**	**37,510**	**37,510**
Lease liabilities	**3.620**	**7,372**	**1,569**	**540**	**9,481**	**9,101**
Bank and other loans	**5.206**	**60,416**	**8,072**	**26,862**	**95,350**	**88,177**
		88,684	**18,478**	**35,179**	**142,341**	**134,788**
As at 31 March 2022						
Trade and other payables	–	31,668	4,439	9,487	45,594	45,594
Lease liabilities	4.869	8,474	6,540	271	15,285	13,350
Bank and other loans	3.686	64,754	–	–	64,754	63,095
		104,896	10,979	9,758	125,633	122,039

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Bank loans with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2023, the aggregate carrying amounts of the bank loans amounted to approximately HK$82,090,000 (2022: HK$63,095,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments					
	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash outflows	Carrying amounts
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2023	**57,177**	**4,834**	**14,316**	**12,546**	**88,873**	**82,090**
As at 31 March 2022	58,473	973	3,057	2,251	64,754	63,095

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, bank and other loans and leases liabilities. The Group's interest rate profiles as monitored by management is set out below.

The Group does not anticipate significant impact to cash at banks because the interest rates of bank deposits are not expected to change significantly. Other than bank loans and lease liabilities which carry interest at fixed interest rates, the Group has no other significant interest-bearing assets or liabilities. Therefore, the interest rate risk mainly arises from bank loan and finance lease liabilities.

However, the interest expenses derived therefrom are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed. The Group has not used financial derivatives to hedge against the interest rate risk. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest rate exposure.

29. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk

The Group's functional currency is Hong Kong dollars as substantially all the revenue are in Hong Kong dollars. The Group's transactional foreign exchange exposure was insignificant.

(e) 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 shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the year.

The Group monitors capital using a gearing ratio, which is interest-bearing debts divided by the total equity.

	2023 **HK$'000**	2022 HK$'000
Interest-bearing debts	**97,278**	76,445
Total equity	**177,098**	166,262
Gearing ratio	**54.93%**	45.98%

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of each of the categories of financial assets and liabilities:

	2023	2022
	HK$'000	HK$'000
Financial assets		
Financial asset at FVTPL	**2,860**	2,789
Financial assets at amortised cost:		
Rental deposits	**520**	520
Trade and other receivables	**85,937**	75,491
Pledged bank deposits	**–**	11,238
Cash and cash equivalents	**29,106**	14,342
	118,423	104,380
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	**37,510**	45,594
Bank and other loans	**88,177**	63,095
	125,687	108,689

The carrying amounts of the financial instruments reasonably approximated to their fair values as at 31 March 2023 and 2022.

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The fair value of the Group's investment in a life insurance policy as at 31 March 2023 and 2022 is determined based on the account value less surrender charge, as provided by the insurers. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position, and the related changes in fair value, which is recorded in other comprehensive income, is reasonable, and that it was the most appropriate value at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation together with a quantitative sensitivity analysis as at 31 March 2023 and 2022:

	Valuation technique	Significant unobservable input	Fair value	Sensitivity of fair value to the input
Investment in a life insurance policy classified as financial assets at FVTPL	N/A	Account value	31 March 2023: approximately HK$2,860,000	5% increase in account value would result in increase in fair value by approximately HK$143,000, vice versa
Investment in a life insurance policy classified as financial assets at FVTPL	N/A	Account value	31 March 2022: approximately HK$2,789,000	5% increase in account value would result in increase in fair value by approximately HK$139,400, vice versa

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Fair value measurement using significant unobservable inputs (Level 3) HK$'000
As at 31 March 2023	
Financial asset at fair value through profit or loss	**2,860**
As at 31 March 2022	
Financial asset at fair value through profit or loss	2,789

The movements in fair value measurement in Level 3 during the current and prior years are as follows:

	2023 **HK$'000**	2022 HK$'000
As at 1 April	**2,789**	2,676
Gain on fair value change of financial asset at FVTPL	**71**	71
Unrealised exchange difference	**–**	42
As at 31 March	**2,860**	2,789

There were no changes in valuation techniques and no transfers between levels during the year.

31. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the current and prior years are set out in Note 10 to the consolidated financial statements.

32. SHARE OPTION SCHEME

The shareholders of the Company have adopted a share option scheme (the "Scheme") on 24 October 2016.

A summary of the Scheme is set out as below:

(i) The Scheme became effective for a period of 10 years commencing from the date on which Scheme becomes unconditional.

(ii) The Scheme enables the Company to grant options to subscribe for the Shares to any director, employee or officer, partner or adviser of the Company or any of its subsidiaries, as incentives or awards for their contributions to the Group.

(iii) The basis of eligibility of any person to the grant of any option shall be determined by the Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group.

(iv) Under the Scheme, a subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

(v) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(vi) The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our shares in issue as at the listing date (i.e. 68,475,000 shares).

No options have been granted, exercised, cancelled or lapsed since the adoption of the Scheme.

33. CAPITAL COMMITMENTS

	2023	2022
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statement	**1,050**	24,220

34. NON-CASH TRANSACTION

During the year ended 31 March 2023, the Group acquired machineries at aggregate consideration of HK$30,500,000. Part of the consideration, amounting to HK$6,280,000 are settled by deposit paid during the year ended 31 March 2022.

35. LITIGATIONS

At the end of the reporting period, there were one labour claim arising from the normal course of business being lodged against the Group and no specific claim amount has been specified in the application of the claims. In the opinion of the directors, the Group has sufficient insurance coverage to cover the losses, if any, arising from the claims and therefore the ultimate liability under the claims would not has a material adverse impact on the financial position or results of the Group.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS	**2023**	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**315,136**	213,665	279,022	351,944	241,612
Profit/(loss) before taxation	**10,836**	11,192	(14,475)	1,331	(53,001)
Income tax	**–**	–	–	–	7,680
Profit/(loss) for the year	**10,836**	11,192	(14,475)	1,331	(45,321)
Total comprehensive income/(expense) for the year	**10,836**	11,192	(14,475)	1,330	(45,293)

ASSETS AND LIABILITIES

Total assets	**311,886**	288,301	275,695	272,963	227,234
Total liabilities	**(134,788)**	(122,039)	(120,625)	(103,418)	(59,019)
Net assets	**177,098**	166,262	155,070	169,545	168,215

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.