恒益控股有限公司

HANG YICK HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1894

2024/25

Annual Report

Contents

Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Articles"	the second amended and restated articles of association of the Company adopted by way of a special resolution passed at annual general meeting held on 11 September 2023
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company" or "our Company"	Hang Yick Holdings Company Limited (恒益控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2018
"Director(s)"	the director(s) of our Company
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries
"HKFRS Accounting Standards"	HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HK$" or "HK dollars" or "cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huizhou Hengyi"	Huizhou Hengyi Wujin Zhipin Limited* (惠州恒益五金製品有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of our Company
"HY Gate"	Hang Yick Gate Engineering Limited (恒益捲閘工程有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of our Company
"HY Metal"	HY Metal Company Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of our Company
"Listing Date"	12 October 2018
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"PRC" or "China"	The People's Republic of China
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share Option Scheme"	a share option scheme passed pursuant to a written resolution by the Shareholder on 19 September 2018
"Shareholder(s)"	holder(s) of the Shares
"Shares"	ordinary shares of our Company with a nominal value of HK$0.01 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"FY2025"	for the year ended 31 March 2025
"FY2024"	for the year ended 31 March 2024

The English names of marked with "" are unofficial English translations of the Chinese names of, among others, entities, laws or regulations or government authorities, that do not have official English names. If there is any inconsistency, the Chinese names shall prevail.*

This annual 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.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive Officer)*
Mr. Chan Man Kiu *(resigned on 20 May 2024)*
Mr. Law Hok Yu *(appointed on 20 May 2024)*

Independent Non-executive Directors

Mr. Deng Chaowen *(Chairman)*
Ms. Mak Suet Man *(retired on 30 August 2024)*
Mr. Liu Sicheng *(resigned on 3 June 2024)*
Mr. Shi Jianwen *(appointed on 20 May 2024)*
Mr. Chan Man Kit *(appointed on 25 November 2024)*
Ms. Zhao Aiyin *(appointed on 6 December 2024)*
Ms. Tan Yanyan *(appointed on 3 March 2025)*

AUDIT COMMITTEE

Mr. Chan Man Kit *(Chairman)*
Mr. Deng Chaowen
Mr. Shi Jianwen
Ms. Zhao Aiyin
Ms. Tan Yanyan

REMUNERATION COMMITTEE

Mr. Chan Man Kit *(Chairman)*
Mr. Deng Chaowen
Mr. Shi Jianwen
Ms. Zhao Aiyin
Ms. Tan Yanyan
Mr. Law Hok Yu

NOMINATION COMMITTEE

Mr. Shi Jianwen *(Chairman)*
Mr. Deng Chaowen
Mr. Chan Man Kit
Ms. Zhao Aiyin
Ms. Tan Yanyan
Mr. Law Hok Yu

COMPANY SECRETARY

Mr. Peng Junlei *(resigned on 3 June 2024)*
Mr. Law Hok Yu *(appointed on 3 June 2024)*

AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Sin Kwok Chi Stephen
Mr. Law Hok Yu

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat 606,
6/F, Sunray Industrial Centre,
610 Cha Kwo Ling Road,
Yau Tong, Kowloon,
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

Global Link CPA Limited
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Bank of China Huizhou Lilin Branch
Agricultural Bank of China Huizhou Lilin Branch

STOCK CODE

1894

COMPANY WEBSITE

http://www.hy-engineering.com

Chairman's Statement

Dear shareholders and investors,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Hang Yick Holdings Company Limited (the "**Company**"), I hereby present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2025.

Due to the HKSAR Government's commitment to forge ahead with the supply of public housing, the Company was able to take advantage of the Government policy and expanded its order book. However, the high interest rate and deteriorating property section has worse the liquidity of the property developers and the main contractors were unavoidably affected. As a result, there were substantial economic and operating pressure. Management expected that the rebound of our nation's' manufacturing activity and the favorable Government policy will ease the situation and offer tremendous business opportunity for the Company.

Looking forward, under the leadership of the management team and with its professional knowledge and strategic leadership, the Company will continuously enhance the working environment while improving manufacturing capabilities, and explore new construction technology to enhance efficiency, such that the Company can seek new profit growth points for its business and maximise returns to our shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our staff for their dedication and contribution, and to our valued shareholders, customers, suppliers and other business partners for their support and encouragement to the Company in the past year.

Mr. Deng Chaowen
Chairman

Hong Kong, 30 June 2025

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in steel and metal engineering services. The engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and China. We serve customers including construction companies and engineering companies on a project-by-project basis.

During FY2025, the Group's revenue increased by 19.3% to approximately HK$187.5 million, reflecting our commitment to fulfilling existing contracts. However, despite this revenue growth, we encountered challenges related to profitability. The margins for the current project remained relatively low, primarily due to contracts awarded during the COVID-19 period and heightened competition resulting from the recent downturn in the property market.

However, the Board remain confident of the Group's future as we believe that the Government of Hong Kong will continue strong commitment on public housing and the recovery of property market will enhance the Group's business and profitability.

Review of operations and business development

During FY2025, the Group secured new steel and metal works contracts with aggregate contract sum of HK$79.9 million, following set out the summary of our contract awarded during FY2025:

Project type	**Number of projects**	**Total original contract sum** *Approximately HK$' million*
Original contract sum at or above HK$10 million	1	36.3
Original contract sum below HK$10 million but at or above HK$5 million	1	6.9
Original contract sum less than HK$5 million	23	36.7

As at 31 March 2025, the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) was HK$240.0 million.

PROSPECTS

Hong Kong

In view of the Hong Kong Government's stimulus plans in housing and infrastructure, the Group will focus on its construction business in Hong Kong in the coming years. As stated in the Chief Executive's 2022 Policy Address (the "**Policy Address**"), the Hong Kong Government is determined to resolve the housing issue with 330,000 public housing units to be built in coming ten-year period (i.e. from 2022–23 to 2031–32) which is two times the amount built in the last ten-year period (actual production was 156,000 from 2012–13 to 2022–23). The then Chief Executive was committed to further boosting public housing supply partly by invoking land resumption to resume certain private land. The Hong Kong Government has also been formulating policies to ensure the effective use of land resources, in particular, the construction of New Development Areas such as Kwu Tung North and Fanling North New Development Area providing approximately 350,000 housing units upon its full development, and the inclusion of land in Lau Fau Shan and Tsim Bei Tsui into the Hung Shui Kiu/Ha Tsuen New Development Area providing more than 47,000 residential units. Other growth opportunities are presented by policies including the development of Kau Yi Chau Artificial Islands as part of the Lantau Tomorrow Vision, the Tung Chung new town extension, the public housing development at Cha Kwo Ling Village and redevelopment of Yau Tong and Lei Yue Mun. All such government policies and strategies are positive signals to the construction industry. Accordingly, the demand for steel and metal products, metal gates, shutters and fire rated doors is expected to increase as they are essential components of new buildings.

As the Group mainly focus on the steel and metal engineering services for the public rental housing sector, such policy and determination of the Hong Kong Government would benefit the Group and be a strong incentive for the Group to focus on its core business.

Further, the constant need for renovation and refurbishment of public housing and facilities and renovation and fitting out works for commercial properties has also created stable demand for steel and metal engineering services, particularly metal gates, shutters and doors, staircase handrails, structural frames, louvre frames, brackets, fencing and ceiling tiles.

However, shortage of skilled labour, high construction cost and increasing competition still remain to be the major challenges for the construction industry. As such, cost control and new construction technique will be a key factor for success. The Group will remain innovative and strive to maintain its position in Hong Kong.

Tung Chung Area 99

Tuen Mun Area 29 West

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in the Group's operations, many of which are beyond the Group's control, including but not limited to those relating to the business and the industry. Some of the major risks the Group is facing include the following:

- Our revenue relies on successful quotation or tenders of engineering services projects which are non-recurring in nature, and there is no guarantee that our customers will provide us with new business or that we will secure new customers;
- Reduction or termination of public sector projects in Hong Kong may adversely affect our revenue and results of operations;
- Failure to estimate the costs involved accurately in the implementation of the project and delay in completion of the project which may adversely affect our operating results and financial position; and
- We plan to expand our capacity by acquiring equipment and expanding manpower which may result in an increase in expense and staff costs which may adversely affect our operating results and financial position.

FINANCIAL REVIEW

Revenue

The revenue of the Group has increased by approximately 19.3% from approximately HK$157.2 million in FY2024 to approximately HK$187.5 million in FY2025. Although revenue was higher compared to FY2024, many projects are experiencing relatively lower margins due to increased market competition. The recent downturn in the property market has significantly affected the construction industry, exacerbating cash flow issues for some construction companies and worsening the overall situation.

Direct costs

Our direct costs primarily consist of direct material costs, direct labour costs, installation service fees, sub-contracting costs and other costs.

The Group's cost of services increased from approximately HK$139.2 million in FY2024 to about HK$185.0 million in FY2025, reflecting a 32.9% increase. This rise was primarily due to higher costs of construction materials and installation fees. Additionally, increased design and labor costs were incurred to address the complexity of design work and frequent changes to design and construction plans, contributing to the overall expense increase during the reporting period.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 85.7% from approximately HK$18.0 million in FY2024 to approximately HK$2.6 million in FY2025 and the gross profit margin decreased from approximately 11.4% for FY2024 to approximately 1.4% for FY2025.

The decline in gross profit margin is primarily attributed to an increase in service costs, as previously detailed, as well as a reduction in profit margins for projects undertaken by the Group during the reporting period.

Other income and other gains and losses

The Group reported an other loss of HK$5.8 million in FY2025, in contrast to an income of HK$0.6 million in FY2024. The primary factor contributing to the other loss and other gains and losses was the provision for expected credit losses amounting to HK$6.8 million in FY2025 (2024: HK$4.8 million) made for customers. This change is largely attributed to a one-off income gain of HK$6.3 million recorded in fiscal year 2024.

Administrative expenses

Administrative expenses decreased by approximately 12.5% from approximately HK$23.0 million in FY2024 to approximately HK$20.1 million in FY2025.

Income tax (expense)/credit

The income tax expense was HK$0.7 million in FY2025 while the Group recorded a tax credit of HK$0.3 million in FY2024. The shift was led by the tax accrued for the profitable subsidiary in PRC during the reporting period.

Loss for the year

The Group recorded loss for the year from operations amounted to approximately HK$24.0 million in FY2025 as compared to loss for the year for continuing operations amounted to approximately HK$4.1 million in FY2024. The preceding commentaries cite the reasons.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2025, the Group had total cash and cash equivalents of approximately HK$31.1 million (2024: HK$63.6 million), total assets of approximately HK$167.5 million (2024: HK$188.4 million). The capital structure of the Company comprised share capital only. As at 31 March 2025, total equity attributable to owners of the Company amounted to approximately HK$144.5 million (2024: HK$160.0 million), and the Group's borrowings comprised of lease liabilities of approximately HK$0.1 million (2024: HK$0.4 million).

The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 0.06% (2024: 0.25%). The decrease in the gearing ratio during the year ended 31 March 2025 was mainly due to the full repayment of lease liabilities during the reporting period.

Cash and cash equivalents

There was a decrease in the balance of cash and cash equivalents of approximately HK$46.5 million from approximately HK$63.6 million as at 31 March 2024 to approximately HK$17.1 million as at 31 March 2025.

During FY2025, the Group has a net cash outflow of approximately HK$50.0 million in its operating activities, a net cash outflow of approximately HK$4.8 million in its investing activities (mainly due to outflow on purchase of property, plant and equipment and renovation of the factory), and a net cash inflow of approximately HK$7.7 million in its financing activities (mainly due to the proceeds from issue of shares under general mandate during the reporting period).

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2024 and 2025, no group asset was pledged.

LITIGATION, CLAIMS AND NON-COMPLIANCES

For FY2025, the Group was not engaged in any material litigation or arbitration and no material litigation or claim is known to the directors to be pending or threatened against the Group.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollars against Renminbi.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

INTEREST RATE RISK

The Group is exposed to interest rate risk primary to the bank facilities with floating interest rate. For both years, the Group did not have any interest rate hedging policy. However, the management will continue to closely monitor the Group's interest risk exposure and will consider hedging interest rate risk when necessary.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

For FY2025, the Group has contributed approximately HK$5.6 million in the acquisition of property, plant and equipment. The contributions are mainly for the expansion of our production capacity, of which approximately HK$4.9 million was financed by the net proceeds from the listing (the "**Listing**") of the shares (the "**Shares**") of the Company on the Stock Exchange.

As at 31 March 2025, the Group did not have any expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain plant and equipment (2024: HK$0.3 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2025.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries, associates and joint venture by the Group during the year ended 31 March 2025.

SIGNIFICANT INVESTMENT

As at 31 March 2025, the Group had no significant investment with a value of 5% or more of the Group's total assets.

Report of the Directors

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group provides steel and metal engineering services ranging from design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong. The Group also sells its steel and metal products to customers, which the Group is not required to provide installation works and after-sale services. Details of the principal activities of the principal subsidiaries are set out in note 40 of the consolidated financial statements of the Group in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2025 and the discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" in this annual report. The description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis" on pages 6 to 11 of this annual report.

The environmental policies and performance, and relationships with employees are set out in the Environmental, Social and Governance Report on pages 35 to 48 of this annual report.

Relationships with employees, customers and suppliers

The Group's success also depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing performance appraisal system, and to promote career development and progression by offering training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are construction companies in Hong Kong who subcontract the steel and metal engineering works of their projects to us, as well as small and medium size contractors and engineering companies. The Group provides professional and quality services whilst maintaining long term profitability and business growth.

Suppliers

We firmly believe that our suppliers are equally important in cost control and increasing our bargaining power on procurement of materials, which further secures our competitive position when bidding for tenders. We proactively communicate with our subcontractors and suppliers to ensure they are committed to delivering high-quality and sustainable products and services. Unless the customers require us to engage subcontractors and suppliers nominated by them, we will select subcontractors and suppliers from our pre-qualified lists of subcontractors and suppliers. In addition, during the continuance of the contracts with our subcontractors, we will supply them with our internal guidelines on safety and environmental issues and require them to follow.

During the year ended 31 March 2025, there was no material dispute or disagreement between the Group and its employees, customers or suppliers.

Compliance with the relevant laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. So far as the Directors is aware, the Group has complied in all material respects with the relevant laws and regulations that have significant impact on the business of the Group.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 55 to 56 of this annual report.

The Board did not recommended the payment of final dividend for the year ended 31 March 2025.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company has raised gross proceeds of approximately HK$161.5 million through the global offering upon the listing (the "**Listing**") of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After deducting the listing expenses, the net proceeds amounted to approximately HK$130.0 million ("**Net Proceeds**"). Such Net Proceeds are intended to be applied in the same manner and the same proportion as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the below table sets out the proposed application and the status of utilisation.

At stated in the Company's announcement dated 27 September 2024 (the "**Announcement**"), after careful consideration and detailed evaluation by the Company of the operation and business strategy, the Board has resolved to change the use of the unutilised net proceeds amounted to approximately HK$47.7 million (the "**Unutilised Net Proceeds**") as at the date of the Announcement.

As at 31 March 2025, details of the use of the Unutilised Net Proceeds subsequent to the change in use are as follows:

	Planned use of Net Proceeds allocation *(HK$'000)*	Balance of unutilised Net Proceeds before the change in use of Net Proceeds *(HK$'000)*	Revised allocation of unutilised Net Proceeds *(HK$'000)*	Net Proceeds utilised as at 31 March 2025 *(HK$'000)*	Balance of unutilised Net Proceeds as at 31 March 2025 *(HK$'000)*	Estimated schedule (Note)
Acquiring machines to replace and enhance the Group's production capacity	51,200	21,200	26,200	23,846	2,354	On or before 31 March 2026
Expanding the Group's workforce in Hong Kong and the PRC	33,700	33,700	33,700	33,700	–	N/A
Renovation and re-design of the Group's existing production facilities	24,100	6,390	9,100	8,655	445	On or before 31 March 2026
Purchasing delivery trucks	5,000	5,000	5,000	5,000	–	N/A
Upgrading the Group's information technology system and equipment	3,500	3,500	3,500	3,500	–	N/A
Settlement of debts included in accruals trade and other payables	–	–	7,000	7,000	–	On or before 31 December 2025
For the preliminary site expenses including design costs and prepayments to sub-contractors	–	–	13,000	5,031	7,969	On or before 31 December 2025
General working capital	12,500	12,500	32,500	32,500	–	On or before 31 December 2025
	130,000	82,290	130,000	119,232	10,768	

Note: The estimated schedule for utilising the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

The Net Proceeds utilised and the Unutilised Net Proceeds were/will be utilised according to the proposed application as specified in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the change in use of proceeds as stated in the Company's Announcement dated 27 September 2024.

As at 31 March 2025, the unutilised net proceeds were deposited in the licensed banks in Hong Kong and the PRC.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

As stated in the Company's announcement dated 23 May 2024 and the supplemental announcement (the "**Supplemental Announcement**") dated 5 June 2024, the Company and the placing agent entered into the placing agreements pursuant to which the Company conditionally agreed to issue up to 153,520,000 shares (the "**Placing Shares**"), and the placing agent conditionally agreed, on a best effort basis, to procure the placees to subscribe for the Placing Shares at HK$0.054 per Placing Share (the "**Placing Price**") and on the terms and subject to the conditions set out in the placing agreement (the "**Placing**").

The Placing Shares will be allotted and issued pursuant to the general mandate and will be allotted to not less than six placees. The conditions of the Placing have been fulfilled and completion took place on 19 June 2024. All the Placing Shares have been successfully placed by the placing agent to not less than six Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement.

The net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are approximately HK$7.8 million, which will be used for the purpose as set out in the Supplemental Announcement dated 5 June 2024. As at 31 March 2025, the net proceeds from the Placing are fully utilised.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the five financial years is set out on page 122 of this annual report. This summary does not form part of the Group's consolidated financial statements.

DONATIONS AND CONTRIBUTIONS

During the year, the Group did not make donations and contributions.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 March 2025 are set out in note 30 to the consolidated financial statements in this annual report.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2025.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

DISTRIBUTABLE RESERVES

At 31 March 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$114,575,000 (2024: approximately HK$111,098,000).

DIRECTORS

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

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive Officer)*
Mr. Chan Man Kiu *(resigned on 20 May 2024)*
Mr. Law Hok Yu *(appointed on 20 May 2024)*

Independent Non-executive Directors

Mr. Deng Chaowen *(Chairman)*
Ms. Mak Suet Man *(retired on 30 August 2024)*
Mr. Liu Sicheng *(resigned on 3 June 2024)*
Mr. Shi Jianwen *(appointed on 20 May 2024)*
Mr. Chan Man Kit *(appointed on 25 November 2024)*
Ms. Zhao Aiyin *(appointed on 6 December 2024)*
Ms. Tan Yanyan *(appointed on 3 March 2025)*

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management as of the date of this annual report were as follows:

Executive Directors

Sin Kwok Chi Stephen (冼國持) ("Mr. Sin"), aged 54, joined our Group in February 2004 and was appointed as an executive Director and chief executive officer of our Group with effect from 9 June 2021, and authorised representative with effect from 21 July 2021. He oversees the strategic direction and supervision of the engineering department.

Mr. Sin obtained a diploma in mechanical engineering from Haking Wong Technical Institute (currently known as The Hong Kong Institute of Vocational Education (Haking Wong)) in August 1991. He also obtained a higher certificate in mechanical engineering and a bachelor's degree in building services engineering, from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) and Hong Kong Polytechnic University in November 1993 and November 2002, respectively.

Mr. Sin has more than 20 years' experience in the gate engineering industry. Prior to joining our Group, Mr. Sin was employed by Sanwa Shutter (HK) Limited from November 1993 to June 2003 with his last position as senior engineer manager.

Mr. Law Hok Yu (羅學儒) ("Mr. Law"), aged 35, was appointed as executive Director with effect from 20 May 2024, and a member of Remuneration Committee and Nomination Committee, authorised representative and company secretary with effect from 3 June 2024. He obtained his bachelor degree of Business Administration in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Law has over 10 years of experience in auditing, accounting and corporate finance.

Mr. Law is currently an executive Director of the Company and an executive director, company secretary and authorised representative of Royal Century Resources Holdings Limited (stock code: 8125), since May 2024, and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

Independent Non-Executive Directors

Mr. Deng Chaowen (鄧超文) ("Mr. Deng"), age 46, was appointed as an independent non-executive Director, the Chairman of the Board and a member of Audit Committee, Remuneration Committee and Nomination Committee with effect from 4 January 2024.

Mr. Deng has over 20 years of experience in human resources management and corporate management. He worked as human resource manager from 2009 to 2011 in Tencent Holdings Limited (stock code: 0700), a company listed on the main board of The Stock Exchange of Hong Kong Limited. Prior to that, he also worked for Huawei and Kingdee International (Stock code: 0268) as human resource manager and senior human resource manager respectively. Mr. Deng currently serves as the Co-founder and CEO of Oriental Info Technology Co., Ltd., and its wholly-owned enterprises, including Shenzhen Industry Technology Co., Ltd. Since 2019, he has also worked as a strategic consultant for numerous startup IT companies in Shenzhen. Mr. Deng obtained a Bachelor of Science in Management from Guangdong University of Technology in China in 2002. Mr. Deng also obtained a Master of Science in International Management from Oxford Brookes University in United Kingdom in 2003.

Mr. Deng is currently an independent non-executive director of Alco Holdings Limited (stock code: 0328), since October 2023.

Mr. Shi Jianwen (石艦文) ("Mr. Shi"), age 31, was appointed as an independent non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 20 May 2024 and Chairman of Nomination Committee with effect from 3 June 2024.

Mr. Shi has over 8 years of experience in corporate operation and management in the financial leasing industry. Since 2020, he has worked in Shenzhen Zhongzhu Kaixuan Supply Chain Management Co., Ltd. and is currently the general manager.

Mr. Shi obtained a bachelor's degree in Economics from Zhuhai College of Beijing Institute of Technology in 2017.

Mr. Chan Man Kit (陳敏杰) ("Mr. Chan"), age 36, has been appointed as an independent non-executive director and Chairman of Audit committee and Remuneration committee, and a member of Nomination committee with effective from 25 November 2024.

Mr. Chan has over 14 years of experience in auditing and accounting. Mr. Chan has served as the independent non-executive director of New Sparkle Roll International Group Limited (stock code: 970) since April 2024. Mr. Chan has been a Partner at Nortik Partners & Co. since 2019 and the sole proprietor of Chan Man Kit CPA since 2018, where he is responsible for audit and accounting services.

Mr. Chan received his Bachelor of Science (Accounting) from the University of Hull. Mr. Chan is a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

Ms. Zhao Aiyin (趙愛寅) ("Ms. Zhao"), age 39, has been appointed as an independent non-executive director and a member of the Audit Committee, Remuneration Committee and Nomination Committee with effective from 6 December 2024.

Ms. Zhao has over 17 years of experience in accounting and finance, logistics and marketing. She has been working in Chuzhou Xuefeng Automobile Sales & Service Company Limited since 2018 and is currently the head of accounting. Ms. Zhao graduated from Chuzhou Vocational and Technical College in 2007, majoring in computerised accounting.

Ms. Tan Yanyan (譚豔豔) ("Ms. Tan"), aged 40, has been appointed as an independent non-executive director and a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 3 March 2025.

Ms. Tan has many years of experience in marketing, logistics and investment promotion. She has been working in Beijing Shanghao Guoqian Wine Co., Ltd. since 2019 and is currently the head of the sales department. Ms. Tan graduated from Cangzhou Teachers' College in 2005 majoring in Chinese Language and Literature Education.

Senior Management

Mr. Lai Kam Fai (黎錦輝) ("Mr. Lai"), aged 53, joined our Group in March 2019 and is the technical director of our Group. He is primarily responsible for overseeing the engineering and technical aspects of various projects of our Group. Mr. Lai obtained a bachelor's degree in civil engineering from the University of Southern California in the United States in 1996 and a postgraduate diploma in Construction Law and Arbitration in 2003. Mr. Lai has been a member of Institution of Civil Engineers since 2002, a member of the Hong Kong Institution of Engineers since 2004 and a Registered Professional Engineer under the Hong Kong Engineers Registration Board since 2005. Mr. Lai has over 20 years' experience in handling civil engineering projects in Hong Kong and Macau.

DIRECTORS' SERVICE CONTRACTS

The executive Directors and the non-executive Director have entered into service agreements with the Company and each of the independent non-executive Directors signed an appointment letter with the Company. All Directors were appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles.

None of the Directors has a service contract with the Company or any of its subsidiaries which is of a duration exceeding three years or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

EMOLUMENT POLICY

The Group has a total of 400 employees in Hong Kong and the PRC as at 31 March 2025. The total salaries and related costs granted to employees amounted to approximately HK$92.6 million in FY2025. The remuneration packages of employees are determined based on their qualifications, position and experience. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions.

The remuneration of the directors is decided by the Board upon the recommendation from the remuneration committee of the Company with reference to the relevant director's experience, responsibilities, workload, performance and the time devoted to the Group.

The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong, and the central pension scheme operated by the local municipal government in China.

Details of the emoluments of the Directors and the highest paid individuals as well as the retirement benefit schemes are set out in notes 10(a), 10(b) and 34 to the consolidated financial statements, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" below, none of the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during or at the end of the year ended 31 March 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2025.

CONNECTED TRANSACTIONS

During the year ended 31 March 2025, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in note 36 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

These transactions are de minimis transactions under Rule 14A.76(1) of the Listing Rules and therefore all of them are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, together with the management and the external auditor, have discussed and reviewed the accounting policies and practices adopted by the Group as well as the internal control matters.

The Audit Committee has also reviewed the consolidated financial statements of the Company for the year ended 31 March 2025, and considers that the consolidated financial statements of the Company for the year ended 31 March 2025 are prepared in accordance with the applicable accounting standards, laws and regulations and appropriate disclosures have been made.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

As at 31 March 2025, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2025, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions 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.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme pursuant to a written resolution passed by the shareholder on 19 September 2018, for the primary purpose of motivating the directors, employees and other eligible participants as specified under the Share Option Scheme to optimise their performance and efficiency for the benefit of the Group, and to attract and retain business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. The Share Option Scheme became unconditional upon the Listing date.

During the years ended 31 March 2024 and 2025, no share options under the Share Option Scheme were exercised. During the year ended 31 March 2024, the Company cancelled 6,710,000 share options which were granted on 11 January 2019 and the exercise price of the cancelled share options was HK$1.53 per Share, and there were 350,000 share options forfeited.

Summary of the principal terms of the Share Option Scheme is as follows:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise the contributions that participants have made or may make to the Group with a view to achieve the following objectives, (a) motivate participants to optimise their performance and efficiency for the benefit of the Group, and (b) attract and retain or otherwise maintain ongoing business relationship with the participants whose contributions are, will or expected to be beneficial to the Group.

(ii) Participants

The Board may at its discretion grant options to the following persons as it thinks fit: (a) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (b) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (c) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

(iii) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 76,000,000 Shares, being 10% of the shares in issue as at the Listing Date. No service provider sublimit was set under the Share Option Scheme.

Number of share options available for grant under the Share Option Scheme at the beginning and the end of the reporting period

As at 31 March 2024, 1 April 2024 and 31 March 2025, no share option outstanding and the number of share options available to be granted under the Scheme are 61,540,000, representing the share limit of 76,000,000 Shares as mentioned above minus the total share options granted since adoption of Share Option Scheme of 24,000,000 Shares, and add back the total lapsed share option since adoption of Share Option Scheme of 9,540,000 Shares.

Total number of shares available for issue under the Share Option Scheme together with the percentage of the issued shares (excluding treasury shares) that it represents as at the date of the Annual Report

61,540,000 Shares are available for issue under the Scheme representing approximately 6.68% out of 921,120,000, being the total number of issued Shares as at the date of the annual report.

(iv) Maximum entitlement of each participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each participant under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being.

(v) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of termination thereof.

(vi) Minimum period

The Board at its discretion may impose such terms and conditions of the offer of grant on a case-by-case basis including but not limited to the minimum period for which an option must be held.

(vii) Payment on acceptance of option

A consideration of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company is payable by the participant who accepts the grant of an option in accordance with the terms of the Share Option Scheme on acceptance of the grant of an option.

(viii) Basis of determining the exercise price of options granted

The exercise price for any Share under the Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day in Hong Kong and a day on which the Stock Exchange is open for the business of dealing in securities (a "**Trading Day**"); (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share on the date of grant.

The movements of share options during FY2024 and FY2025 were as follows:

Category of grantees	Date of grant	Exercisable period	Exercise price per Share (HK$)	Granted	As at 31 March and 1 April 2023	Forfeited	Cancelled	As at 31 March 2024 and 2025
Senior management and other employees	11 January 2019	11 January 2022 to 10 January 2024	1.53	4,400,000	3,530,000	(175,000)	(3,355,000)	–
		11 January 2023 to 10 January 2024	1.53	4,400,000	3,530,000	(175,000)	(3,355,000)	–

CHANGES IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of the information of the Directors is as follows:

(i) Ms. Zhao Aiyin was appointed as independent non-executive director on 6 December 2024; and

(ii) Ms. Tan Yanyan was appointed as independent non-executive director on 3 March 2025.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the interim report of the Company for the six months ended 30 September 2024 and up to the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2025, the aggregate revenue from the Group's largest customer and five largest customers accounted for approximately of 41.3% and 88.0% of the total revenue, respectively. Purchases from the Group's largest supplier and five largest suppliers accounted for approximately of 8.0% and 28.6% of the total purchases for the year ended 31 March 2025, respectively.

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of issued Shares in the Company) had any beneficial interest in the Group's five largest customers or suppliers.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

MATERIAL EVENT AFTER THE REPORTING PERIOD

The Group had no significant event requiring disclosure subsequent to the end of the reporting period and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

During the year ended 31 March 2025, a permitted indemnity provision as required by the Companies Ordinance (Chapter 622, the Laws of Hong Kong) was in force for the benefits of all Directors.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on 29 August 2025 ("**2025 AGM**"). A notice convening the AGM will be issued and sent to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 26 August 2025 to 29 August 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 25 August 2025.

AUDITOR

Following the resignation of Messrs. Deloitte Touche Tohmatsu ("**Deloitte**") as the auditor of the Company on 18 December 2020, Baker Tilly Hong Kong Limited ("**Baker Tilly**") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Deloitte.

On 12 August 2021, Baker Tilly resigned and Elite Partners CPA Limited ("**Elite Partners**") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Baker Tilly. Elite Partners subsequently resigned on 8 December 2022.

On 15 December 2022, RSM Hong Kong ("**RSM**") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Elite Partners. RSM subsequently resigned on 14 May 2024.

On 14 May 2024, Global Link CPA Limited ("**Global Link**") was appointed as the auditor of the Company to fill the cancel vacancy arising from the resignation of RSM.

Save as disclosed above, there were no other changes in auditors of the Company during the past three years. The consolidated financial statements for the year ended 31 March 2025 have been audited by Global Link who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Deng Chaowen
Chairman

Hong Kong, 30 June 2025

Corporate Governance Report

This Corporate Governance Report covered the year ended 31 March 2025 is prepared by the current Directors of the Company as at the date of this annual report based on the available information.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to protect the interest of its Shareholders and to place importance on its corporate governance system.

During the year ended 31 March 2025, in the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except for the deviation as mentioned below:

	Code Provision	Deviation	Considered Reason for Deviation
C.1.8	The Company should arrange appropriate insurance cover in respect of legal action against the Directors.	The Company has not arranged for appropriate insurance cover in respect of legal action against its directors for the period from 1 September 2024 to 31 March 2025.	The Company is in the course of arranging renewal of the directors and officers liability insurance with the insurance company in accordance with the requirement under the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

All the Directors confirmed, upon specific enquiry made, that they have complied with the Model Code during the year ended 31 March 2025 and up to the date of this annual report.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Group, and delegates day-to-day operations to the management team of the Group. The Board provides directions to the management team by laying down strategies and plans, and then oversees the implementation performed by the management team. The Board also timely monitors the Group's operational and financial performance through monthly reports prepared by the management team of the Group. The Board also reviews the compensation policies, succession planning, internal control system and risk management system regularly through various committee established under the Board.

Composition

As at 31 March 2025, the Board comprises two executive Directors and five independent non-executive Directors as follows:

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive Officer)*
Mr. Chan Man Kiu *(resigned on 20 May 2024)*
Mr. Law Hok Yu *(appointed on 20 May 2024)*

Independent Non-executive Directors

Mr. Deng Chaowen *(Chairman)*
Ms. Mak Suet Man *(retired on 30 August 2024)*
Mr. Liu Sicheng *(resigned on 3 June 2024)*
Mr. Shi Jianwen *(appointed on 20 May 2024)*
Mr. Chan Man Kit *(appointed on 25 November 2024)*
Ms. Zhao Aiyin *(appointed on 6 December 2024)*
Ms. Tan Yanyan *(appointed on 3 March 2025)*

The relationships among members of the Board have been disclosed in the sub-section headed "Biographies of Directors and Senior Management" in this annual report. During the year ended 31 March 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

Independence of the independent non-executive Directors

The Company has received annual written confirmations from all independent non-executive Directors with regard to their independence, and therefore the Company still consider, based on the guidelines set out in Rule 3.13 of the Listing Rules, that all independent non-executive Directors to be independent.

Continuous professional development

During the year ended 31 March 2025, all of the Directors participated in continuous professional development by either attending external seminars and conferences, or reading materials relating corporate governance practices, directors' duty and the Listing Rules.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

All Directors completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

Appointment & re-election of Directors

The procedures and process of appointment and re-election of the Directors are laid down in the Articles. Pursuant to the Articles, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by the Shareholders.

Mr. Chan Man Kit, Ms. Zhao Aiyin, and Ms. Tan Yanyan will retire from office as Directors at the forthcoming annual general meeting and they, being eligible, offer themselves for re-election.

Indemnity of Directors

During the year ended 31 March 2025, a permitted indemnity provision as required by the Companies Ordinance (Chapter 622, the Laws of Hong Kong) was in force for the benefits of all Directors.

Board Committees

The Board has established three Board committees, being the Audit Committee, the Nomination Committee and the Remuneration Committee, to oversee different areas of the Company's affairs. The terms of reference of the Board committees are published on the Company's website and the website of the Stock Exchange.

Audit Committee

Our Company established the Audit Committee with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise our financial reporting process, internal control and risk management system, nominate and monitor external auditors, provide advice on the corporate governance function as required under the CG Code, and comments to the Board on matters related to corporate governance and perform other duties and responsibilities as assigned by the Board.

The Audit Committee is currently chaired by Mr. Chan Man Kit and the other members of the Audit Committee were Mr. Deng Chaowen, Mr. Shi Jianwen, Ms. Zhao Aiyin, and Ms. Tan Yanyan. All members of the Audit Committee are independent non-executive Directors.

The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process reviewed and recommended the Board to adopt certain corporate governance policies including the Anti-Corruption Policy and Whistleblowing Policy; and internal controls.

The annual results for the year ended 31 March 2025 was reviewed by the current Audit Committee on 30 June 2025 before recommending them to the Board for approval on the same date. Therefore, the management's position, view and assessment on the qualified opinion and the Audit Committee's view towards the qualified opinion are further elaborated in the report of the directors for this year.

Remuneration Committee

Our Company established the Remuneration Committee with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on our Company's policy for human resource management as well as establish and review policies and structure in relation to remuneration for our Directors and senior management.

The Remuneration Committee was made up of the four INEDs, namely Mr. Deng Chaowen, Mr. Shi Jianwen, Ms. Zhao Aiyin, and Ms. Tan Yanyan and one executive Director, namely Mr. Law Hok Yu. Mr. Chan Man Kit was the chairman of the Remuneration Committee.

The work performed by the Remuneration Committee during the year ended 31 March 2025 comprises the followings:

— reviewed the remuneration of Directors and senior management; and

— assessed performance of executive Directors and approved the terms of executive Directors' service contracts.

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration paid to the senior management (excluding the Directors) by band for the year ended 31 March 2025 is set out below:

Remuneration bands	**Number of individual(s)**
HK$1,000,001 to HK$2,000,000	1

Details of remuneration of the Directors and the five highest paid individuals are set out in notes 10(a) and 10(b) to the consolidated financial statements in this annual report, respectively.

Nomination Committee

The Company established the Nomination Committee with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are, among other things, to make recommendations to the Board on the appointment of Directors, to review the composition of the Board, and to assess the independence of independent non-executive Directors.

The Nomination Committee was made up of the four INEDs, namely Mr. Deng Chaowen, Mr. Shi Jianwen, Ms. Zhao Aiyin, and Ms. Tan Yanyan and one executive Director, namely Mr. Law Hok Yu. Mr. Shi Jianwen was the chairman of the Nomination Committee.

The work performed by the Nomination Committee during the year ended 31 March 2025 comprises the following:

— reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— made recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;

— assessed the independence of independent non-executive Directors in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations; and

— reviewed the board diversity policy, developed and reviewed measurable objectives for implementing the board diversity policy and monitoring the progress on achieving these objectives.

Board Diversity Policy

The Board recognises the importance of diversity in the Board composition and has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, selection of candidates has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has considered and reviewed the composition and diversity of the Board. All the executive Directors and non-executive Director possess extensive and diversified experience in management and industrial experience. The three independent non-executive Directors possess professional knowledge in management, finance, accounting and legal aspects. Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members.

During the year ended 31 March 2025, the Company maintained an effective Board comprising members of diverse professional background and industry experience.

Nevertheless, the Company has a single gender Board consisting after Ms. Mak Suet Man, the former independent non-executive director's retirement and her cessation of offices in board committees after the annual general meeting held on 30 August 2024 until the appointment of Ms. Zhao Aiyin as an independent non-executive director on 6 December 2024.

To enhance board diversity, the Company expects to continue and maintain a diverse board. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness.

Details of gender ratio of the workforce (including senior management) for the year ended 31 March 2025 are set out in the "Environmental, Social and Governance Report" in this annual report.

The Nomination Policy

The nomination policy of the Company sets out the criteria and procedures for nominating candidates for election as Directors. The Nomination Committee of the Company shall nominate suitable candidates to the board of directors of the Company for it to consider and make recommendations to shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies. The Nomination Committee in assessing the suitability of a proposed candidate would consider the factors, among others, reputation for integrity; experience in the industry; the perspectives and skills; commitment in respect of available time and relevant interest; diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and any other factors that the Board deem appropriate.

The Nomination Committee will recommend to the Board for the selection, appointment and reappointment of a Director in accordance with the following procedure and process:

The Nomination Committee:

i. may take measures that is appropriate in identifying or selecting suitable candidates, with due consideration given to prescribed selection criteria and broad range of candidates who are in and outside of the Board's circle of contacts;

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

iii. will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package; and thereafter make recommendation to the Board;

iv. the Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

v. all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

The Nomination Committee will recommend to the Board for the re-election of a Director in accordance with the following procedure and process:

i. the Nomination Committee will review the overall contribution and service, and the level of participation and performance of the retiring Director during the period of service;

ii. the Nomination Committee will review and determine whether the retiring Director continues to meet the criteria as set out above;

iii. the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such candidates; and

iv. the Nomination Committee will then, on the basis of the recommendation made by the Nomination Committee and Remuneration Committee, make recommendation to Shareholders in respect of the proposed re-election of Director at the following general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the following general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant following general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board and Board committee meetings

Code provision A.1.1 of the Corporate Governance Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

The attendance of each Director for the Board meetings and Board committee meetings held during the year ended 31 March 2025 is set out in the following table:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration committee**	**General meeting**
Executive Directors					
Mr. Sin Kwok Chi Stephen *(Chief Executive Officer)*	16/16	N/A	N/A	N/A	1/1
Mr. Chan Man Kiu *(resigned on 20 May 2024)*	1/1	N/A	N/A	N/A	0/0
Mr. Law Hok Yu *(appointed on 20 May 2024)*	14/14	N/A	4/4	4/4	1/1
Independent Non-executive Directors					
Mr. Deng Chaowen *(Chairman)*	16/16	3/3	5/5	5/5	1/1
Ms. Mak Suet Man *(retired on 30 August 2024)*	9/9	2/2	2/2	2/2	1/1
Mr. Liu Sicheng *(resigned on 3 June 2024)*	3/3	1/1	1/1	1/1	0/0
Mr. Shi Jianwen *(appointed on 20 May 2024)*	14/14	2/2	4/4	4/4	1/1
Mr. Chan Man Kit *(appointed on 25 November 2024)*	4/4	1/1	2/2	2/2	0/0
Ms. Zhao Aiyin *(appointed on 6 December 2024)*	2/2	0/0	1/1	1/1	0/0
Ms. Tan Yanyan *(appointed on 3 March 2025)*	0/0	0/0	0/0	0/0	0/0

AUDITOR'S REMUNERATION

During the year ended 31 March 2025, the fees paid or payable to external auditor are set out as follows:

Services rendered	**Remuneration paid/payable** (HK$'000)
Audit services	700
Non-audit services	50
	750

The fees attributable to the non-audit services above mainly include the tax compliance service.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2025 that give a true and fair view of the state of affairs of the Group in accordance with HKFRS Accounting Standards. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The reporting responsibilities of the Company's auditor with regards to the consolidated financial statements of the Group are set out in the independent auditor's report as contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Such risks would include, amongst others, material risks relating to Environmental, Social and Governance.

The Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board and the Audit committee will review the need for an internal audit function from time to time. During the year ended 31 March 2025, the Board confirms that it has conducted a review of the risk management and internal control systems of the Group by the external internal control consultant. The Board concludes, based on the result of the review, that the risk management and internal control system currently in place are adequate and effective for the year ended 31 March 2025.

COMPANY SECRETARY

During the year ended 31 March 2025, Mr. Law, the company secretary has taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

WHISTLEBLOWING POLICY

In line with the commitment to achieve and maintain the highest standard of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice within the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to send enquiries

Shareholders may at any time raise enquiries to the Board. The enquiries must be in writing with contact information of the Shareholder(s) and deposited at the principal place of the business of the Company in Hong Kong at 6/F, Sunray Industrial Centre, 610 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong for the attention of the company secretary of the Company.

Procedure for convening an extraordinary general meeting

Any one or more duly registered holder of the Shares holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. 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.

Dividend policy

The Company may declare and distribute dividends to allow Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for further growth. In deciding whether to recommend the payment of dividend to Shareholders, the Board shall take into account, among others, the general financial condition of the Group, the Group's actual and future operations and liquidity position, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios and the debt level, retained earnings and distributable reserves, the general market conditions and any other factors that the Board deems appropriate. The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion and the Board will review the dividend policy of the Company on a regular basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with shareholders and in particular, through AGMs and other extraordinary general meetings.

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 Board reviewed the policy during the Reporting period and considered that the implementation of the policy was effective.

At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. The Company maintains a website at www.hy-engineering.com as a communication platform with the shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

CONSTITUTIONAL DOCUMENTS

There was no significant changed in the Company's constitutional documents during the year ended 31 March 2025.

Corporate purpose, values and culture

The Group's purpose is to deliver services that customers' needs, underpinned by the business values of excellence, teamwork and integrity.

Guided by the Group's core value, the Board sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned around the same purpose. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Ethics and group policies), as well as staff safety, well-being and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Corporate strategy

The principal objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the financial strength and stability of the Group. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors of geographies where the Group has management experience and resources. The Chairman's Statement, Management Discussion and Analysis and the Operations Review contained in this Annual Report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value in the longer term and delivers the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the Group's Environmental, Social and Governance Report contained in this annual report.

Environmental, Social and Governance Report

REPORTING PRINCIPLES

To achieve sustainable development and improve our practices on ethical and transparent management style, the Group, throughout the year ended 31 March 2025, implemented various measures in relation to environment, social and governance into our daily operation. The Group is pleased to present this Environmental, Social and Governance Report (the "**ESG Report**") to provide an overview of the Group's measures and policies in relation to environment, social and governance, as well as the results achieved. This ESG Report's primary coverage includes the environmental, social and governance aspects of the Group's principal business, i.e. steel and metal engineering services and the sales of steel and metal products; while it is supplemented with information of the recent addition of our construction section.

The information disclosed in this ESG Report is derived from the Group's public information, official documents, and internal statistics, referring to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules as well.

The ESG Report comprises and explains the relevant information for the year ended 31 March 2025 quantitatively, in a consistent and material manner. Relevant comparison is made with information from the previous year. The ESG Report, as well as the information contained in the ESG Report, have been approved by the Board of Directors and management of the Group.

STAKEHOLDERS' FEEDBACK

The Group understands ESG issues are sufficiently important to our shareholders as well as other stakeholders. To ensure strong corporate governance, the Group continues to collect feedbacks from different stakeholders to continually improve its ESG approach and its sustainability performance.

Major stakeholders	Demands and expectations	Communication channels
Shareholders and investors	• Sustainable profitability • Prevention of operational risks	• Company announcements • Annual report and interim report • Annual general meetings
Government and regulatory bodies	• Regulatory compliance • Pollution conservation	• Supervision and evaluation • ESG Report • Inspection
Customers	• High standard of services • Quality control • Information security	• Business communication • Customer feedback
Employees	• Corporate governance on employee rights and interests • Improvement on employee remuneration and welfare • Career development	• Staff meetings and activities • Staff training • Recruitment

Major stakeholders	Demands and expectations	Communication channels
Media	• Transparent information • Corporate sustainability	• Company's website • News monitoring
Communities	• Higher community involvement • Supporting public welfare activities	• Charity activities

MATERIALITY ASSESSMENT

During the year ended 31 March 2025, the Company conducted a comprehensive materiality assessment to identify and prioritise the potential environmental, social and governance concerns brought by the Group's business.

The Group is aware that emissions from the Group's operation would bring pollution to the environment and is working on improving its operation to minimise such pollution.

OUR ENVIRONMENTAL POLICY

During the year ended 31 March 2025, the Group strictly complied with all the relevant rules and regulations on national and regional levels, in accordance to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Guangdong Province Environmental Protection Regulation, as well as the laws and regulations in Hong Kong in relation to environmental protection.

Although climate-change-related issues do not impact the Group's business operation particularly; the Group makes its best effort in achieving environmental efficiency in its business development so as to minimise negative impacts to the environment. Beyond compliance, the Group strives to control environmental pollution by adopting an Environmental Management System (EMS), and to monitor, manage and evaluate its performance towards pollution control and waste reduction at the same time. The EMS implemented in our main manufacturing facilities in Huizhou, Guangdong Province, has been certified to the ISO 14001:2015 international standard.

For the year ended 31 March 2025, the Group recorded four areas of environmental impact involved in its production: the management of air and gas emission, noise levels, sewage discharge and solid waste. Due to limitations in recording all items of consumptions and emissions, the following figures demonstrate the consumption data recorded from our offices, production facilities and vehicles.

Emissions and Wastes

Greenhouse Gases and Key Air Pollutants Emissions

	For the year ended 31 March 2025	
	Emission in tonnes of CO_2 equivalent	Emission intensity per million Hong Kong dollars in revenue
Total GHG emissions (with direct removals)	**923.86**	**4.93**
Scope 1 — Direct GHG emissions	**294.82**	**1.57**
Scope 2 — Energy indirect GHG emissions	**617.38**	**3.29**
Scope 3 — Other indirect GHG emissions	**12.81**	**0.07**

The Group's emissions of greenhouse gas in carbon dioxide (CO2) equivalent mainly attribute to its electricity consumption and fuel consumption during production and operating activities involve welding fumes, electricity consumption and transportation of material. In order to minimise undesirable impacts on the environment, the Group planted 50 no. of trees during the year ended 31 March 2025. The total GHG emissions is increased by 14.8% compare with the previous year.

Compared to the year ended 31 March 2024, emissions of greenhouse gases and other key air pollutants had increased during the year resulting from the increased in fuel consumption, electricity, water consumption, and packaging used. Alongside our business footprints, we always stay alert on the balance between business achievements and energy efficiency, so as to sustain our business development with controllable energy consumption. The Group will continue to monitor and revise our energy usage and logistic plans so as to minimise the emissions in the future. Ventilation and filtering systems were also adopted to reduce the concentration of pollutants in our production facility.

Water Sourcing

There have been no issues for the Group to source water for its production for the year ended 31 March 2025.

Hazardous Sewage Discharge and Treatment

Sewage discharged from our production process contains hazardous waste. Following the regulatory guidelines issued by the local department of environmental protection in Mainland China, our amount and source of discharge from our production facility attained its required standard. The Group controls our usage strictly in each production stage.

Treatment steps:

Evaluation of the Group's hazardous sewage discharge → Report to the relevant agencies → Environmental Protection Bureau Approval → Waste declaration → Appointed Huizhou Dongjiang Environmental Protection Technology Limited as the third party → Wastes treated by Huizhou Dongjiang Environmental Protection Technology Limited → Transfer hazardous waste

	For the year ended 31 March 2025	
Source of sewage	**Sewage discharged (tonnes)**	**Discharge destination**
Huizhou Hengyi	**10**	Dong River

Contaminants are then removed from the hazardous discharges in the course of sewage treatment. Meanwhile, general sewage is gathered for safe disposal into the city's water treatment system.

Non-hazardous Waste

Our non-hazardous solid wastes consist of papers and other general wastes which are treated by Huizhou Dongjiang Environmental Protection Technology Limited. During the year ended 31 March 2025, our total non-hazardous waste decreased by 46.10% to 7.66 tonnes, compare with the previous year. We encourage our production staff to minimise and recycle all solid wastes.

Noise Levels

Due to the use of heavy machinery in our operation, our production process creates noise. To minimise the level of noise generated, production machines are inspected regularly to ensure they remain in optimal conditions. Meanwhile, we also have adopted sound-proofing designs and structures in the construction of production facilities.

Use of Resources

Fuel Consumption

Fuel	For the year ended 31 March 2025
LPG (L)	16,722.00
Diesel (L)	82,445.12
Unleaded petrol (L)	9,531.34
Total (L)	108,698.46

Consumption of Resources

Resources	For the year ended 31 March 2025 Consumption	Consumption intensity per million Hong Kong dollars in revenue
Electricity (kWh)	905,800	4,830.50
Water (m^3)	7,243	38.63
Paper (tonnes)	1.74	0.01
Plastic packaging (tonnes)	2.00	0.01
Wooden packaging (tonnes)	12.50	0.07

The Group's consumption of resources was attributable to electricity, water, paper, as well as packaging with plastic, and wooden materials. During the year ended 31 March 2025, the Group's total consumption of paper and water slightly decreased. During the year ended 31 March 2025, our paper consumption was reduced from 2,117.5 kg to 1,737.5 kg; our water consumption was reduced from 7,358 m^3 to 7,243 m^3. The implementation of Energy Management System has helped the Group in achieving energy efficiency by reducing the electricity consumption of air conditioners in office buildings and dormitories, and gradually replacing the old air conditioners to the ones with Grade 1 energy-label. We put up signs and often remind staff to save water through internal communication groups.

EMPLOYMENT AND LABOUR PRACTICE

To safeguard our employees' lawful rights and well-being, we ensure strict compliance with the applicable laws and regulations in Hong Kong and Mainland China, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法通則》). Hence, a range of internal policies has been executed by the department of human resources under the supervision of the corporate governance team; while we include the updated policies in our internal publications to keep our employees well-informed. For instance, the employment contract for new staff must be approved by the director. In case of extra production needs in peak season, we would arrange the manpower according to the maximum working hours and minimum hourly wages, and such arrangement should be approved by the management.

For the year ended 31 March 2025, employee statistics of the Group categorised by job function, gender, age group, and employment location are shown below:

	For the year ended 31 March 2025
By Job Function	
Executive Directors and Senior Management	4
Project Management and Supervision	41
Finance and Accounting	5
Administrative and Human Resources	18
Production Workers	116
Site Workers	195
Warehouse and Logistics	21
By Gender	
Male	364
Female	36
By Age Group	
≤30	44
31–40	72
41–50	97
51–60	145
≥61	42
By Employment Location	
Mainland China	151
Hong Kong	249
Total	400

Employment Standards

The Group is committed to the principle of equal employment to protect employees and job applicants from discrimination of gender, age, family status, ethnicity or religion, where none of these factors but personal merit and vocational competence are considered in our recruitment, evaluation, or promotion processes. For the year ended 31 March 2025, the Group has not received any complaints regarding unequal employment. The Group strives to attain employee's diversity from different background, age group, and gender; yet gender diversity is a particular challenge in the construction industry with its labour-intensive work nature.

We highly respect human rights and prohibit any form of child labour or forced labour. The human resources department of the Group checks the identification documents of the job applicants to ensure that they meet the minimum working age requirements of local laws and regulations, and they hold legally authorised working permits. Internal guidelines and procedures are set to avoid ambiguity; it is every employee's obligation to report potential, suspected or actual violations of illegal labour. The management of each department could issue warnings, and we encourage all of our general employees to report to their managers under such situation. Any major issues must be reported to the board of directors. Any director or employee who violates the disciplinary code will be subject to disciplinary action, including termination of his/her duties. Criminal offences would be referred to the related law enforcement agencies.

In regard to insurance and benefits provision, the Group provides all mandatory insurances and retirement contributions for our employees, which include employees' compensation insurance and Mandatory Provident Fund that are implemented in Hong Kong, whilst social insurance is implemented in the Mainland China. Eligible employees are entitled to take maternity leaves as well as paternity leaves.

The Group provides a fair competing environment for career development and progression, where internal training opportunities are also open to employees of different ranks. The details of the Group's internal training will be discussed in the "Development and Training" section.

To reward and retain our employees, we implemented salary adjustment and merit point system for our production staff in Mainland China during the year ended 31 March 2025. The salary level of the production workers has been steadily increasing in recent years owing to changes in labour law and the local labour market trends. They are also eligible for birthday gifts, bonuses, and certificates of commendations. We encourage a healthy work-life balance by aiming to reduce working hours; hence, the Group has the internal rule of not working overtime for more than 20 hours per month. Moreover, we organised a variety of extra-circular activities during the year. Such extra-circular activities include morning and evening exercises, quarterly galas, sports days, and reward trips for management staff. We also participated in an Invitational 7-a-side Soccer Tournament which was organised by one of our customers to promote the sense of belonging.

During the year ended 31 March 2025, Happiness at Work Promotional Scheme was implemented at our Hong Kong office to boost employees' satisfaction and happiness at the workplace. The Group received the Happy Company Award from the Promoting Happiness Index Foundation. We organised annual dinner, attended charitable events with staff, and implemented flexible work arrangements to show our care to employees' work-life balance.

Below are headcounts for the year ended 31 March 2025:

	Mainland China	Hong Kong	Total
Beginning of year	152	150	302
Recruits	41	268	309
Resignees	42	169	211
End of year	151	249	400

The table below sets out the employee turnover rate by gender, age group and geographical region for the year ended 31 March 2025:

	Employee turnover rate (%) for the year ended 31 March 2025
By gender	
Male	63.2
Female	31.9
By age group	
≤30	103.4
31–40	50.8
41–50	71.1
51–60	36.8
≥61	66.7
By geographical region	
Mainland China	27.7
Hong Kong	84.7
Total	60.1

Health and Safety

Considering the relatively high risk the construction industry poses to its frontline workers' safety and health, the Group is committed to protecting them as much as possible by improving its daily operation, particularly, safety standards of our workplace. During the year ended 31 March 2025, with the effort of our management team and supervisors of frontline workers, we managed to comply in material respects with all applicable laws and regulations in relation to health and safety, which include but not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), and the Provisions on Fire Control Safety Education and Training (《社會消防安全教育培訓規定》).

As for employees' health protection, medical insurance coverage is provided, as well as annual health check-ups to encourage our production staff to monitor their health conditions. Caring for its employees, not only physical but also mental health is on top of the Group's concern; as such, we promote a healthy lifestyle at work by initiating daily morning exercise routines to boost morality.

As an employer, the Group provides adequate health and safety information to our employees on workplace hazards to raise their awareness. For the new workers at the Group's production sites, safety awareness trainings are provided before they start on-site works, to ensure our employees are with the knowledge on how to avoid accidents by identifying occupational hazards at the workplace. To raise our staff's consciousness, we promote safety production in everyday morning assembly and regularly share occupational health and safety information with our employees via internal communication systems and on social media platforms. We encourage them to attend occupational safety and health seminars held by the Labour Department, and we also share relevant information such as Site Safety Handbook, Occupational Health Handbook for Office Workers released by the Labour Department and guidelines on prevention of heat stroke.

In our human resources policies, detailed safety guidelines and accident reporting procedures are stated clearly. We developed occupational safety measures such as protective clothing, working instructions, and in-house safety rules to prevent harm and injury as well as to minimise their safety risks at the workplace. Workers of the Group are required to wear protective equipment including masks, gloves, earplugs, safety helmets, and other safety production items. Safety drills are practised twice a year to prepare our employees for emergencies.

During the year ended 31 March 2025, no serious or fatal incidents occurred in the Group's operations. There were 13 work-related injury cases and a total of 273 lost workdays. The injured workers are covered with medical insurance provided by the Group. The Group has an evaluation system when work-related injury cases occur, in order to prevent workplace injuries and continually improve the work environment.

	For the year ended 31 March 2025	For the year ended 31 March 2024
Number of injured employees involved in occupational accidents	**13**	12
Number of deaths due to occupational accidents or occupational diseases	**0**	0
Number of workdays lost due to occupation injury	**273**	435

Development and Training

Our employees, from frontline and back-office staff, to our Directors, receive relevant training regularly. For example, we provided our frontline workers with trainings on occupational safety and technical skills, while management team and Directors attended courses on corporate governance, financial reporting, investor relations and public relations.

The table below summarises training statistics for the year ended 31 March 2025:

	For the year ended 31 March 2025
Number of employees trained	**169**
Total training hours of employees trained	**1,320.50**
Average number of training hours per employee	**7.81**

	For the year ended 31 March 2025	
	Number of employees trained	Average training hours for employees in relevant categories
Employees trained, by gender		
Male	144	7.85
Female	25	7.63
Employees trained, by job categories		
Executive Directors and senior management	4	8.63
Project management and supervision	15	6.60
Finance and accounting	5	6.60
Administrative and human resources	7	8.68
Manufacturing	121	8.00
Warehouse and Logistics	12	8.00
Labourer	5	5.85

OPERATING PRACTICES

We adhere to fair and transparent operating practices by adopting internal policies which set out the selection and assessment procedures for suppliers and subcontractors according to the criteria that should be taken into account. Furthermore, we try to avoid engaging suppliers or subcontractors with questionable environmental practices or ethical standards.

Supply Chain Management

The long-term relationship established with our suppliers is one of our greatest strengths throughout the years. The table below summarises the number of suppliers for the year ended:

	For the year ended 31 March 2025
Number of suppliers in the PRC	157
Number of suppliers in Hong Kong	8
Number of suppliers in Korea	1

We maintain an approved list of suppliers and service providers. The potential suppliers and service providers must fulfil our assessment criteria before they are put into our approved list, and the criteria include, among others, price, quality, reputation in the industry, financial performance, delivery time, services as well as commitment to environmental and social responsibilities. With a growing database of suppliers, the Group demands strict regulations on procurement process. From time to time, our responsible staff will assess the performance of the suppliers and services providers, including, among others, cost competitiveness, ability to meet the delivery schedules, response to the instructions, quality of goods or services received. If the suppliers or service providers do not meet our assessment, they will be removed from our approved list.

Product Responsibility

We tailor-make products for clients, emphasising the importance of customisation and quality control. We strictly follow rules and regulations such as the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong). We obtained ISO9001:2015 Quality Management System Certificate in recognition of our endeavour in producing the best possible products in strict standards. Our production line covers a wide range of procedures, from choosing the right material, metal-cutting, to meticulous final polishing, to safeguard the highest quality and standard of our products.

During the year ended 31 March 2025, the Group did not have any product recalls due to safety and health reasons, nor have we received any product and service-related complaints. To the best of the Group's knowledge, the Group did not commit any breach of intellectual property rights or consumer data protection and privacy policies.

Privacy

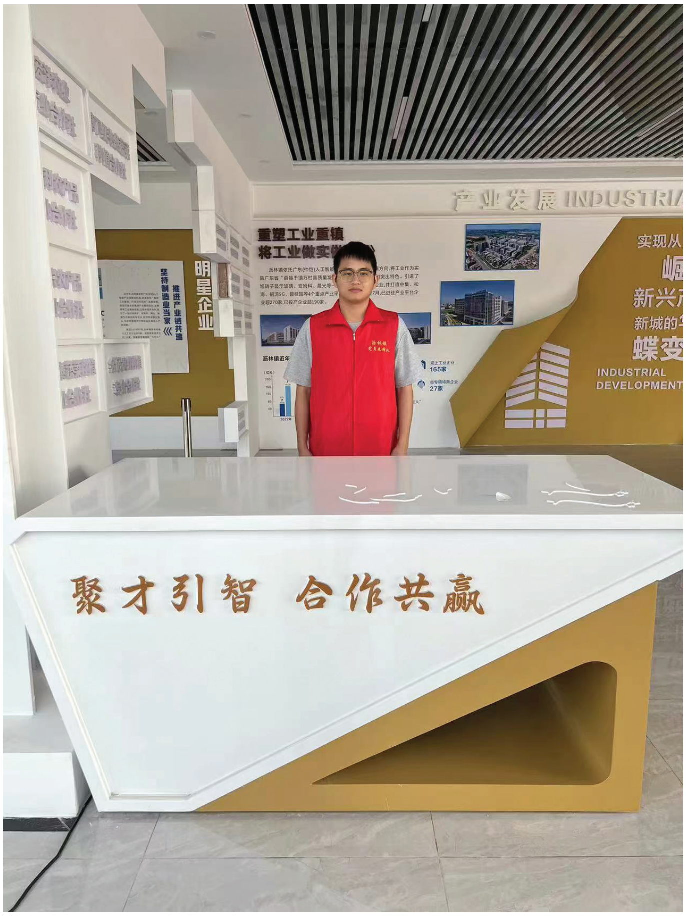
The Group strictly complies with relevant privacy provisions, and regards customer privacy protection as a vital matter. Therefore, the Group strives to protect confidential data of its customers as well as suppliers, which are forbidden from unauthorised access or disclosure.

Anti-corruption

The Group has established and implemented a sound Anti-Corruption policy which clearly defines the anti-corruption supervision and management process. In our corporate culture, accepting gifts from business partners is generally discouraged. Any form of corruption is strictly prohibited, including but not limited to bribery, extortion, fraud, money laundering or misappropriation of public funds. In case of acceptance of gifts, employees must report to their department heads if they receive gifts valued above HK$300; for gifts valued above HK$5,000, they shall report to the Directors to avoid possible conflicts of interest. To achieve our anti-corruption goals, we set up internal channels for anonymous reporting of incompliance of rules and have issued internal memo to raise awareness on anti-corruption. The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.

COMMUNITY INVESTMENT

The Group is committed to its social responsibilities and supports our local community where our business rooted. During the year ended 31 March 2025, Hang Yick's volunteer team took turns to serve in the community centre.



AWARDS AND CERTIFICATIONS

During the year ended 31 March 2025, the Group received several awards and certifications from various organisations for our charitable efforts and professional performances:

- *Certificate of Happy Company* by Promoting Happiness Index Foundation
- *Environmental Management System — Certificate of Approval* for meeting the requirements of GB/T 24001–2016/ISO 14001:2015 by Procision (Shanghai) Certification
- *Quality Management System — Certificate of Approval* for meeting the requirements of GB/T 19001–2016/ISO 9001:2015 by Procision (Shanghai) Certification

Independent Auditor's Report

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TO THE SHAREHOLDERS OF HANG YICK HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liabilities)

OPINION

We have audited the consolidated financial statements of Hang Yick Holdings Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 55 to 121, which comprise the consolidated statement of financial position as at 31 March 2025, 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 policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirement 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 Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables and contract assets	
We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period. As at 31 March 2025, the Group's net trade receivables and contract assets amounting to approximately HK$23,182,000 and HK$48,937,000 respectively, which represented approximately 13.8% and 29.2% of total assets of the Group respectively.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: — obtaining an understanding of how the management estimates the credit loss allowance for trade receivables and contract assets, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of the inherent risk factors; — evaluating the design and implementation of key controls over the management assessment process; — evaluating the outcome of prior period assessment of ECL of trade receivables and contract assets to assess the effectiveness of management's estimation process; — testing the accuracy of information used by the management to assess ECL, including trade receivables ageing analysis as at 31 March 2025, on a sample basis, by comparing individual items in the analysis with the relevant certificates on progress payments of contract works;

Key Audit Matter	How our audit addressed the Key Audit Matter

Impairment assessment of trade receivables and contract assets — continued

As disclosed in note 4(w) to the consolidated financial statements, the management of the Group assesses the ECL of trade receivables and contract assets arising from the provision of steel and metal engineering services or credit-impaired individually. The management of the Group estimates the amount of lifetime ECL of the remaining trade receivables based on the provision matrix through the grouping of various debtors that have similar loss patterns, after considering the internal credit ratings of trade debtors and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The loss allowance amount of the credit-impaired trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in note 6(c) to the consolidated financial statements, the Group's lifetime ECL on trade receivables and contract assets as at 31 March 2025 amounting to approximately HK$13,688,000 in aggregate.

Our procedures in relation to impairment assessment of trade receivables and contract assets included: — continued

— challenging management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 March 2025 with the assistance of our internal valuation expert, including:

- their identification of credit-impaired trade receivables and contract assets which are assessed for ECL individually;
- the estimation of loss rate for debtors arising from the provision of steel and metal engineering services which are assessed individually;
- the reasonableness of management's grouping of the remaining trade receivables into different categories in the provision matrix by internal credit ratings of trade debtors and/or past due status of respective trade receivables; and
- the basis of estimated loss rates applied in each category in the provision matrix.

— Evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic condition against public available information.

OTHER INFORMATION

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

We communicate with 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.

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

We also provide 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.

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.

Global Link CPA Limited
Certified Public Accountants
Li Siu Bun
Practising Certificate Number: P08414

Hong Kong, 30 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	8	**187,517**	157,197
Direct costs		**(184,946)**	(139,202)
Gross profit		**2,571**	17,995
Other income and other gains and losses	11	**(5,778)**	593
Administrative expenses		**(20,102)**	(22,983)
Loss from operations		**(23,309)**	(4,395)
Finance costs	12	**(10)**	(49)
Loss before taxation	13	**(23,319)**	(4,444)
Income tax (expense)/credit	14	**(693)**	326
Loss for the year attributable to owners of the Company		**(24,012)**	(4,118)
Other comprehensive income/(expenses) for the year, net of tax			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**510**	(887)
Total comprehensive expenses for the year attributable to owners of the Company		**(23,502)**	(5,005)
Loss per share	16		
Basic and diluted (cents)		**(2.7)**	(0.5)

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	17	**20,943**	19,299
Right-of-use assets	18	**2,790**	3,282
Financial asset at fair value through profit or loss	19	**5,826**	5,703
Deferred tax assets	29	**82**	439
		29,641	28,723
Current assets			
Inventories	20	**26,010**	21,885
Trade receivables	21	**23,182**	20,099
Other receivables, deposits and prepayments	22	**8,632**	4,862
Contract assets	23	**48,937**	47,711
Current tax assets		**–**	1,555
Structured bank deposits	19	**13,974**	–
Cash and bank balances	24	**17,116**	63,556
		137,851	159,668
Current liabilities			
Trade and other payables and accruals	25	**20,469**	18,613
Contract liabilities	23	**149**	9,135
Lease liabilities	27	**81**	155
		20,699	27,903
Net current assets		**117,152**	131,765
Total assets less current liabilities		**146,793**	160,488

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Provisions	28	**2,285**	280
Lease liabilities	27	**–**	239
		2,285	519
NET ASSETS		**144,508**	159,969
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	30	**9,211**	7,676
Reserves		**135,297**	152,293
TOTAL EQUITY		**144,508**	159,969

The consolidated financial statements on pages 55 to 121 were approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

Mr. Sin Kwok Chi Stephen
Director

Mr. Law Hok Yu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		(note 32(b)(i))	(note 32(b)(ii))	(note 32(b)(iii))		(note 32(b)(iv))				
At 1 April 2023	7,676	154,701	663	5,124	10	(127)	2,051	170,098	–	170,098
Loss for the year	–	–	–	–	–	–	(4,118)	(4,118)	–	(4,118)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(887)	–	(887)	–	(887)
Total comprehensive expenses for the year	–	–	–	–	–	(887)	(4,118)	(5,005)	–	(5,005)
Cancellation of share options (note 37)	–	–	–	(5,124)	–	–	–	(5,124)	–	(5,124)
Change in equity for the year	–	–	–	(5,124)	–	(887)	(4,118)	(10,129)	–	(10,129)
At 31 March 2024 and 1 April 2024	7,676	154,701	663	–	10	(1,014)	(2,067)	159,969	–	159,969
Loss for the year	–	–	–	–	–	–	(24,012)	(24,012)	–	(24,012)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	510	–	510	–	510
Total comprehensive income/(expenses) for the year	–	–	–	–	–	510	(24,012)	(23,502)	–	(23,502)
Issue of shares (note 30)	1,535	6,506	–	–	–	–	–	8,041	–	8,041
Change in equity for the year	1,535	6,506	–	–	–	510	(24,012)	(15,461)	–	(15,461)
At 31 March 2025	**9,211**	**161,207**	**663**	**–**	**10**	**(504)**	**(26,079)**	**144,508**	**–**	**144,508**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(23,319)	(4,444)
Adjustments for:			
Depreciation of property, plant and equipment	13	3,878	3,420
Depreciation of right-of-use assets	13	477	479
(Gain)/loss on disposal of property, plant and equipment	13	(47)	1,177
Fair value gain on financial asset at fair value through profit or loss	11	(123)	(158)
Finance costs	12	10	49
Interest income	11	(803)	(644)
Impairment loss under expected credit loss model on trade receivables and contract assets, net	11	6,771	4,694
Reversal of equity-settled share option expenses	13	–	(5,124)
Long services provision		2,005	–
Operating loss before working capital changes		(11,151)	(551)
Increase in trade receivables		(4,338)	(11,056)
Increase in other receivables, deposits and prepayments		(17,761)	(522)
Increase in inventories		(4,276)	(308)
Increase in contract assets		(6,742)	(2,876)
Increase in trade and other payables and accruals		2,000	4,863
Increase/(decrease) in contract liabilities		(8,986)	8,617
Cash used in operations		(51,254)	(1,833)
Income tax refunded		1,219	818
Interest on lease liabilities		(10)	(24)
NET CASH USED IN OPERATING ACTIVITIES		(50,045)	(1,039)
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		803	644
Purchases of property, plant and equipment		(5,645)	(12,649)
Proceeds from disposal of property, plant and equipment		70	171
NET CASH USED IN INVESTING ACTIVITIES		(4,772)	(11,834)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interests paid		–	(25)
Repayments of bank borrowings		–	(3,740)
Issue of shares	30	8,041	–
Principal elements of lease payments	35(b)	(313)	(301)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		7,728	(4,066)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(47,089)	(16,939)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		63,556	79,386
Effect of foreign exchange rate changes		649	1,109
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		17,116	63,556
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		17,116	63,556

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 March 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company acts as an investment holding company. The principal activities of its subsidiaries are mainly provision of steel and metal engineering services and sales of steel and metal products.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which includes all Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations (collectively referred to as "**Interpretations**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "**Group**") are disclosed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED TO HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised HKFRS Accounting Standards in issue but not yet effective

The Group has not applied any new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning on 1 April 2024. These new and revised HKFRS Accounting Standards include the following which may be relevant to the Group.

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (i.e. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(b) Separate financial statements

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(c) Foreign currency translation — continued

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. 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.

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. All other repairs and maintenance are recognised in profit or loss during the period 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(d) Property, plant and equipment — continued

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.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Owned properties	Over the shorter of the lease terms, or 10–19 years
Leasehold improvement	Over the shorter of the lease terms, or 5 years
Plant and machinery	10%–20%
Office equipment, furniture and fixtures	20%–50%
Motor vehicles	20%–30%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss. Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(e) Leases — the Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(e) Leases — the Group as a lessee — continued

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Hang Yick Gate Engineering Limited ("**HY Gate**"), which does not have recent third-party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment/the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(e) Leases — the Group as a lessee — continued

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Contract assets and contract liabilities

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 expected credit loss ("**ECL**") in accordance with the policy set out in note 4(w) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(h) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. 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 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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(i) Financial assets — continued

Debt instruments

Debt instruments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method. Typically trade receivables, other receivables, bank and cash balances are classified in this category.

— Fair value through other comprehensive income ("**FVTOCI**") — recycling, if the contractual cash flows of the instrument comprise solely payments of principal and interest and the instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the instrument is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the instrument does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the instrument (including interest) are recognised in profit or loss.

(j) 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.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

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

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group provides engineering services on steel and metal works under long-term contracts with customers. Such contracts are entered into before the engineering services begin. Under the terms of the contracts, the Group is contractually restricted from redirecting the steel and metal works to another customer and has an enforceable right to payment for work completed to date. Revenue from provision of steel and metal engineering services is therefore recognised over time using output method, i.e. based on surveys of steel and metal work completed by the Group to date as certified architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the work completed by the Group. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15 Revenue from Contracts with Customers ("**HKFRS 15**").

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(p) Revenue and other income — continued

Revenue from the sales of steel and metal products is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from the sales of scrap materials is recognised when control of the scrap materials has transferred to the customer, being at the point the scrap materials are delivered to the customer.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(q) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(r) Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on an assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

When share options are cancelled, the amount that would otherwise have been recognised for services received over the remainder of the vesting period is recognised immediately in profit or loss.

(s) Borrowing costs

All borrowing costs other than those directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

(t) Government subsidies

A government subsidy is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

Deferred tax is calculated at the tax rates that are 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 by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(v) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(w) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost including trade receivables, contract assets, deposits, other receivables and cash and cash equivalents. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. Trade receivables and contract assets that are arising from the provision of steel and metal engineering services or credit-impaired are assessed for ECL individually. The ECL on remaining trade receivables and contract assets are estimated by applying simplified approach using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(w) Impairment of financial assets and contract assets — continued

Significant increase in credit risk

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

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

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

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

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

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

— significant increases in credit risk on other financial instruments of the same debtor; and

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(w) Impairment of financial assets and contract assets — continued

Significant increase in credit risk — continued

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "low risk". Low risk means that the counterparty has a low risk of default and does not have any past due amounts.

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

Definition of default

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

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(w) Impairment of financial assets and contract assets — continued

Credit-impaired financial assets

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

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

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

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION — continued

(w) Impairment of financial assets and contract assets — continued

Measurement and recognition of ECL — continued

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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 is remote. Possible obligations, whose existence 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 is remote.

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Revenue from contracts with customers

The Group applied the judgements that significantly affect the determination of the amount and timing of revenue from contracts with customer.

The Group has recognised revenue from provision of steel and metal engineering services over time, using output method, to measure progress towards complete satisfaction of the service because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. Under output method, revenue is recognise based on direct measurements of the value of units delivered or surveys of work performed. This method involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required and direct measurements of the value of units delivered or surveys of work performed.

(b) Significant increase in credit risk

As explained in note 4(w) to the consolidated financial statements, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES — continued

Key sources of estimation uncertainty

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

(a) Revenue and profit recognition

As explained in policy note 4(p), revenue from provision of steel and metal engineering services is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which the work was considered to be sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 23 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date. During the year, approximately HK$176,476,000 (2024: HK$137,549,000) of revenue from provision of steel and metal engineering services was recognised.

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, approximately HK$336,000 (2024: HK$28,000) of income tax was charged to profit or loss based on the estimated profit.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES — continued

Key sources of estimation uncertainty — continued

(c) Impairment assessment on trade receivables and contract assets

The management of the Group assesses ECL of trade receivables and contract assets individually for those arising from the provision of steel and metal engineering services or balances that are credit-impaired. The management of the Group estimates the amount of lifetime ECL of the remaining trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The loss allowance amount of the trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty.

At the end of each reporting period, 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 estimates.

As at 31 March 2025, the carrying amount of trade receivables was approximately HK$23,182,000, net of allowance for credit losses of HK$5,233,000 (2024: HK$20,099,000, net of allowance for credit losses of HK$3,978,000), and carrying amount of contract assets was approximately HK$48,937,000, net of allowance for credit losses of HK$8,455,000 (2024: HK$47,711,000, net of allowance for credit losses of HK$2,939,000).

Details of the Group's assessment of ECL and the Group's trade receivables and contract assets are disclosed in notes 6(c)(i), 21 and 23 to the consolidated financial statements respectively.

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the years ended 31 March 2024 and 2025.

6. FINANCIAL RISK MANAGEMENT

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

(a) Categories of financial instruments at 31 March

	2025 **HK$'000**	2024 HK$'000
Financial assets		
Financial assets at FVTPL	**19,800**	5,703
Financial assets at amortised cost	**89,427**	131,558
Financial liabilities		
Financial liabilities at amortised cost	**20,469**	18,613

(b) Market risk

(i) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in HK$ and Renminbi ("**RMB**"). Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits and deposit placed for a life insurance policy denominated in United States Dollars ("**US$**") and inter-company balances of certain Group entities denominated in RMB. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rates.

6. FINANCIAL RISK MANAGEMENT — continued

(b) Market risk — continued

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk relates primarily to lease liabilities which bear interests at fixed interest rates.

The Group's exposure to cash flow interest rate risk relates to its bank deposits and certain of its bank borrowing which bear interests of variable rates that varied with the then prevailing market conditions.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate ("**HIBOR**") arising from the Group's variable interest rate instruments.

No sensitivity analysis is provided on variable-rate bank balances and bank borrowing as the management of the Group considers that the interest rate fluctuation on bank balances and bank borrowing is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk exposures are primarily attributable to trade receivables and contract assets arising from contracts with customers, other receivables and deposits, and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating (note (c))	12-month or lifetime ECL	Gross carrying amounts 2025 HK$'000	Gross carrying amounts 2024 HK$'000
Financial assets at amortised cost						
Trade receivables	21	N/A	note (a)	Lifetime ECL — not credit-impaired (individually assessed)	**23,328**	21,975
	21	N/A	note (a)	Lifetime ECL — not credit-impaired (provisional matrix)	**287**	1,345
	21	N/A	Loss (note (a))	Lifetime ECL — credit-impaired	**4,800**	757
					28,415	24,077
Other receivables and deposits	22	N/A	Low risk	12-month ECL	**192**	192
Bank balances	24	A1–Aa3 (2024: A1–Aa3)	N/A	12-month ECL	**17,116**	63,556
Other item						
Contract assets	23	N/A	note (a)	Lifetime ECL — not credit-impaired (individually assessed)	**49,819**	49,730
	23	N/A	Loss (note (a))	Lifetime ECL — credit-impaired	**7,574**	920
					57,393	50,650

Notes:

(a) For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. Except for debtors arising from provision of steel and metal engineering services or balances that are credit-impaired which are assessed individually, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

(b) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

Notes: — continued

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

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month 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

(i) Trade receivables and contract assets arising from contracts with customers

Management adopted a policy on providing credit facilities to customers. A credit investigation, including assessment of financial information, advice from business partners in relation to potential customers and credit search, would be required to be launched. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis.

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets. The Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables and contract assets, other than those balances that are arising from the provision of steel and metal engineering services or are credit-impaired which are assessed individually, the remaining balances have been grouped based on shared credit risk characteristics with details disclosed in this note, respectively. In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced.

The Group has concentration of credit risks with exposure limited to certain customers. For trade receivables, the Group's largest debtor contributed approximately 34.7% (2024: 20.2%) of the Group's trade receivables and the Group's five largest debtors contributed approximately 79.1% (2024: 64.6%) of the Group's trade receivables. For contract assets, the Group's largest customer contributed approximately 22.3% (2024: 23.7%) of the Group's contract assets and the Group's five largest customers contributed approximately 67.6% (2024: 44.8%) of the Group's contract assets as at 31 March 2025. All these top five debtors are customers located in Hong Kong.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

(i) Trade receivables and contract assets arising from contracts with customers — continued

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to provision of steel and metal engineering services and sales of steel and metal products. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 March 2024 and 2025 within lifetime ECL.

	2025		2024	
Internal credit rating	**Average loss rate**	**Trade receivables HK$'000**	Average loss rate	Trade receivables HK$'000
Watch list	**4.66%**	**287**	5.72%	1,345

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired)		**Lifetime ECL (Credit-impaired) (note)**		
	Trade receivables HK$'000	**Contract assets** HK$'000	**Trade receivables** HK$'000	**Contract assets** HK$'000	**Total** HK$'000
At 1 April 2023	210	336	757	920	2,223
Impairment loss recognised	3,193	1,802	–	–	4,995
Impairment loss reversed	(182)	(119)	–	–	(301)
At 31 March 2024 and 1 April 2024	3,221	2,019	757	920	6,917
Impairment loss reversed	(2,788)	(1,138)	–	–	(3,926)
Impairment loss recognised	–	–	4,043	6,654	10,697
At 31 March 2025	**433**	**881**	**4,800**	**7,574**	**13,688**

Note:

The lifetime ECL recognised for credit-impaired trade receivables and contract assets are resulting from a debtor went into liquidation process during the year. The gross amounts of credit-impaired trade receivables and contract assets are approximately HK$4,800,000 and HK$7,574,000 (2024: HK$757,000 and HK$920,000), respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

(ii) Other receivables and deposits

The management of the Group makes individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive and forward-looking information. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate is assessed to be close to zero.

(iii) Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for bank balances was recognised as the amount is insignificant. The Group has limited exposure to any single financial institution.

(d) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

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

6. FINANCIAL RISK MANAGEMENT — continued

(d) Liquidity risk — continued

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 rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	4–12 months HK$'000	1 year to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2025							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	–	20,469	–	–	20,469	20,469
Lease liabilities	4.5	–	81	–	–	81	81
As at 31 March 2024							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	–	18,613	–	–	18,613	18,613
Lease liabilities	4.5	–	81	81	243	405	394

During the year ended 31 March 2024, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowings with an aggregate amount of approximately HK$3,740,000. The bank borrowing was fully repaid during the year ended 31 March 2024.

Details of the breach of financial covenant is set out in note 26 to the consolidated financial statements.

(e) Fair values

Management of the Group estimates the fair value of its financial assets and financial liabilities carried at amortised cost using discounted cash flow analysis.

Management of the Group considers that the carrying amounts of the financial assets and financial liabilities has recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. FAIR VALUES MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair values:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

(a) Disclosures of level in fair value hierarchy as at 31 March:

	Fair value measurements using level 2 inputs	
Description	**2025** **HK$'000**	2024 HK$'000
Recurring fair value measurements:		
Financial assets		
Financial asset at FVTPL		
Structured bank deposits	**13,974**	–
Deposit placed for a life insurance policy	**5,826**	5,703
	19,800	5,703

(b) Disclosure of valuation techniques and inputs used in fair value measurements as at 31 March:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The financial controller reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

Level 2 fair value measurements

Description	Valuation techniques	Inputs
Deposit placed for a life insurance policy classified as financial assets at FVTPL	Expected cash flows	Cash value quoted by the insurance company
Structured bank deposits	Excepted cash flows	Cash value quoted by the licensed bank

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Provision of steel and metal engineering services	176,476	137,549
Sales of steel and metal products	11,041	19,648
	187,517	157,197

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines:

Timing of revenue recognition	Provision of steel and metal engineering services		Sales of steel and metal products		Total	
	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Products transferred at a point in time	–	–	11,041	19,648	11,041	19,648
Products and services transferred over time	176,476	137,549	–	–	176,476	137,549
	176,476	137,549	11,041	19,648	187,517	157,197

The customers of the Group are mainly construction companies, contractors and engineering companies in Hong Kong. All of the Group's provision of steel and metal engineering services and sales of steel and metal products are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

8. REVENUE — continued

(b) Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

	2025 **HK$'000**	2024 HK$'000
Provision of steel and metal engineering services	**239,991**	321,723

Based on the information available to the Group at the end of the reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of steel and metal engineering services as of 31 March 2025 will be recognised as revenue during the years ending 31 March 2026 to 2029 (2024: 31 March 2025 to 2027).

9. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision makers, have been identified as the executive directors of the Company, review the segment results of the Group. In the current year, the Group's operations in relation to provision of steel and metal engineering services and sales of steel and metal products which were presented as separate reportable segments in the prior years are considered as a single operating segment in a manner consistent with the way in which information is reported internally to the Board for the purpose of resource allocation and performance assessment. Accordingly, the information of these operations has been aggregated into a single reportable segment and no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures:

Geographical information

The Group's revenue is derived from Hong Kong and the People's Republic of China (the "**PRC**") based on the location of goods delivered and services provided as follows:

	2025 **HK$'000**	2024 HK$'000
Hong Kong	**187,517**	157,165
The PRC	**–**	32
	187,517	157,197

9. SEGMENT INFORMATION — continued

Geographical information — continued

The Group's non-current assets (other than financial assets and deferred tax assets) are located in Hong Kong and the PRC by physical location of assets as follows:

	2025 HK$'000	2024 HK$'000
Hong Kong	3,763	6,081
The PRC	19,970	16,500
	23,733	22,581

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:

	2025 HK$'000	2024 HK$'000
Customer A	77,057	39,780
Customer B	53,022	28,143
Customer C	N/A*	15,831

* Revenue from the customer is less than 10% of the Group's total revenue in the respective year.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid to or received by each of the directors and the chief executive whether of the Company or its subsidiary undertaking are as follows:

	For the year ended 31 March 2025			
Name of directors	Fees HK$'000	Salaries and other benefit HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Sin Kwok Chi Stephen	–	750	18	768
Chan Man Kiu (note a)	–	50	2	52
Law Hok Yu (note b)	–	450	16	466
Independent non-executive director				
Deng Chaowen (note c)	216	–	–	216
Mak Suet Man (note d)	75	–	–	75
Liu Sicheng (note e)	15	–	–	15
Shi Jianwen (note f)	103	–	–	103
Chan Man Kit (note g)	42	–	–	42
Zhao Aiyin (note h)	39	–	–	39
Tan Yanyan (note i)	9	–	–	9
	499	1,250	36	1,785

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS — continued

(a) Directors' and chief executive's emoluments — continued

	For the year ended 31 March 2024			
Name of directors	Fees HK$'000	Salaries and other benefit HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Sin Kwok Chi Stephen	–	750	18	768
Ho Chi Yuen (note j)	–	300	9	309
Chan Man Kiu (note a)	–	150	5	155
Independent non-executive director				
Deng Chaowen (note c)	54	–	–	54
Mak Suet Man (note d)	75	–	–	75
Liu Sicheng (note e)	75	–	–	75
Cheung Chun Man Anthony (note k)	75	–	–	75
Leung Fuk Shun (note l)	75	–	–	75
Law Chi Hung (note m)	135	–	–	135
	489	1,200	32	1,721

Notes:

(a) Mr. Chan Man Kiu was appointed as executive director on 4 January 2024 and resigned on 20 May 2024.

(b) Mr. Law Hok Yu was appointed as executive director on 20 May 2024.

(c) Mr. Deng Chaowen was appointed as the chairman of the Company and independent non-executive director on 4 January 2024.

(d) Ms. Mak Suet Man was appointed as independent non-executive director on 14 November 2023 and retired on 30 August 2024.

(e) Mr. Liu Sicheng was appointed as director on 14 November 2023 and resigned on 3 June 2024.

(f) Mr. Shi Jianwen was appointed as independent non-executive director on 20 May 2024.

(g) Mr. Chan Man Kit was appointed as independent non-executive director on 25 November 2024.

(h) Ms. Zhao Aiyin was appointed as independent non-executive director on 6 December 2024.

(i) Ms. Tan Yanyan was appointed as independent non-executive director on 3 March 2025.

(j) Mr. Ho Chi Yuen was appointed as executive director on 18 January 2023 and resigned on 12 October 2023.

(k) Mr. Cheung Chun Man Anthony was resigned as independent non-executive director on 4 January 2024.

(l) Mr. Leung Fuk Shun was resigned as independent non-executive director and the chairman of the Company on 4 January 2024.

(m) Mr. Law Chi Hung was resigned as independent non-executive director on 4 January 2024.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS — continued

(a) Directors' and chief executive's emoluments — continued

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors waived any emoluments during both years.

During both years, no directors were granted share options in respect of their services to the Group under the share option scheme of the Company.

(b) Employees' emoluments

The five highest paid individuals of the Group during the year included one director (2024: one), details of whose remuneration are set out in note 10(a) above. Details of the remuneration for the year of the remaining four (2024: four) highest paid individual who are neither a director nor chief executive of the Company are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other benefits	4,419	3,485
Discretionary bonus (note)	–	100
Retirement benefit scheme contributions	67	65
	4,486	3,650

Note: The discretionary bonuses are determined with references to the performance of individual employee and of the Group.

The number of the highest paid individual who are not directors of the Company whose remuneration fell within the following bands is as follows:

	Number of individual	
	2025	2024
Nil to HK$1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	1

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. OTHER INCOME AND OTHER GAINS AND LOSSES

	2025 HK$'000	2024 HK$'000
Other income		
Interest income from bank deposits	803	644
Government subsidies (note)	–	474
Sales of scrape material(s)	32	170
Others	43	29
	878	1,317
Other gains and losses		
Impairment loss under expected credit loss model on trade receivables and contract assets, net	(6,771)	(4,694)
Fair value gain on financial asset at fair value through profit or loss	123	158
Net foreign exchange losses	(59)	(1,311)
Gain/(loss) on disposal of property, plant and equipment	47	(1,177)
Others	4	6,300
	(6,656)	(724)
	(5,778)	593

Note:

The amounts represent government grants received from the Government of Hong Kong Special Administrative Region. The Group did not have any unfulfilled conditions or contingencies relating to these subsidies.

12. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowing	–	25
Interest on lease liabilities	10	24
	10	49

13. LOSS BEFORE TAXATION

Loss before taxation for the year has been arrived at after charging/(crediting):

	2025 HK$'000	2024 HK$'000
Auditor's remuneration	700	980
Depreciation of property, plant and equipment	3,878	3,420
Depreciation of right-of-use assets	477	479
Cost of inventories recognised as an expense	75,777	67,187
(Gain)/loss on disposal of property, plant and equipment	(47)	1,177
Employee benefits expenses inclusive of directors' emoluments:		
Directors' emoluments	1,785	1,721
Other staff costs:		
Salaries, wages and other benefits	87,771	67,010
Reversal of equity-settled share option expenses	–	(5,123)
Retirement benefits scheme contributions*	4,833	4,114
	92,604	66,001

Cost of inventories recognised as an expense for the year ended 31 March 2025 includes approximately HK$22,396,000 (2024: HK$14,618,000) relating to staff costs and depreciation of property, plant and equipment, which are included in the amount disclosed separately above for each of these types of expenses.

* There are no forfeited contributions that may be used by the Group, as the employer, to reduce the existing level of contributions.

14. INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) has been recognised in profit or loss as follows:

	2025 HK$'000	2024 HK$'000
Current tax:		
Hong Kong Profits Tax	–	–
The PRC Enterprise Income Tax ("**EIT**")	336	28
	336	28
Deferred tax:		
Origination and reversal of temporary differences	357	(354)
	693	(326)

14. INCOME TAX EXPENSE/(CREDIT) — continued

Under the two-tiered Profits Tax regime, the first HK$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's subsidiaries in the PRC are subject to EIT rate at 25%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the PRC EIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

The reconciliation between the income tax expense/(credit) and the loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 **HK$'000**	2024 HK$'000
Loss before taxation	**(23,319)**	(4,444)
Tax at the Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	**(3,848)**	(733)
Tax effect of income that is not taxable	**(144)**	(1,224)
Tax effect of expenses that are not deductible	**5**	224
Tax effect of expenses not deductible for tax purpose	**331**	–
Tax effect of unused tax losses not recognised	**4,186**	1,398
Effect of different tax rate of subsidiaries	**(528)**	9
Tax concession	**–**	–
Other	**691**	–
Income tax expense/(credit)	**693**	(326)

15. DIVIDENDS

The directors of the Company did not recommend payment of any dividend in respect of the years ended 31 March 2024 and 2025.

16. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	2025	2024
	HK$'000	HK$'000
Losses:		
Losses for the purpose of calculating basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(24,012)**	(4,118)

	2025	2024
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**887,892**	767,600

Note:

There were no adjustments for the effects of potential ordinary shares arising from outstanding share options as the average share price of the Company during the years ended 31 March 2024 and 2025 as the share options were cancelled on 12 October 2023, and no share options outstanding as at 31 March 2024 and 2025.

17. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Office equipment, furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 April 2023	8,041	977	9,352	12,621	2,652	–	33,643
Additions	2,850	2,189	1,372	2,618	208	3,412	12,649
Disposals	–	(798)	(1,398)	(2,688)	(2,128)	–	(7,012)
Exchange realignment	–	(8)	(31)	(709)	(29)	(484)	(1,261)
At 31 March 2024 and 1 April 2024	10,891	2,360	9,295	11,842	703	2,928	38,019
Additions	**–**	**–**	**553**	**2,787**	**39**	**2,266**	**5,645**
Disposals	**–**	**–**	**(379)**	**(84)**	**–**	**–**	**(463)**
Exchange realignment	**(44)**	**(1)**	**(9)**	**(84)**	**(3)**	**(33)**	**(174)**
At 31 March 2025	**10,847**	**2,359**	**9,460**	**14,461**	**739**	**5,161**	**43,027**
Accumulated depreciation							
At 1 April 2023	5,767	800	7,209	4,804	2,497	–	21,077
Provided for the year (note 13)	370	612	1,231	1,082	125	–	3,420
Disposals	–	(705)	(1,333)	(990)	(2,107)	–	(5,135)
Exchange realignment	(326)	(8)	(15)	(273)	(20)	–	(642)
At 31 March 2024 and 1 April 2024	5,811	699	7,092	4,623	495	–	18,720
Provided for the year (note 13)	**414**	**1,094**	**1,107**	**1,135**	**128**	**–**	**3,878**
Disposals	**–**	**–**	**(379)**	**(61)**	**–**	**–**	**(440)**
Exchange realignment	**(35)**	**(1)**	**(2)**	**(33)**	**(3)**	**–**	**(74)**
At 31 March 2025	**6,190**	**1,792**	**7,818**	**5,664**	**620**	**–**	**22,084**
Carrying amount							
At 31 March 2025	**4,657**	**567**	**1,642**	**8,675**	**119**	**5,116**	**20,943**
At 31 March 2024	5,080	1,661	2,203	7,219	208	2,928	19,299

18. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
As at 1 April 2023	3,260	683	3,943
Depreciation (note 13)	(176)	(303)	(479)
Exchange realignment	(182)	–	(182)
As at 31 March 2024 and 1 April 2024	2,902	380	3,282
Depreciation (note 13)	**(174)**	**(303)**	**(477)**
Exchange realignment	**(15)**	**–**	**(15)**
As at 31 March 2025	**2,713**	**77**	**2,790**

	2025 HK$'000	2024 HK$'000
Depreciation expenses on right-of-use assets (included in direct costs) (note 13)	**477**	479
Interest expense on lease liabilities (included in finance costs) (note 12)	**10**	24
Expenses relating of short-term lease (included in direct costs and administrative expenses)	**660**	619

Details of total cash outflow for leases is set out in note 35(b) to the consolidated financial statements.

For the year ended 31 March 2024 and 2025, the Group leases warehouse for its operations. Lease contract is entered into for a fixed term of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of 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.

In addition, the Group owns several factory and office premises. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Restrictions or covenants on leases

In addition, lease liabilities of approximately HK$81,000 (2024: HK$394,000) are recognised with related right-of-use assets of approximately HK$77,000 (2024: HK$380,000) as at 31 March 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. FINANCIAL ASSET AT FVTPL/STRUCTURED BANK DEPOSITS

	2025 HK$'000	2024 HK$'000
Financial asset mandatorily measured at FVTPL:		
Structured bank deposit	**13,974**	–
Unlisted investment		
Deposit placed for a life insurance policy	**5,826**	5,703
Analysed as:		
Current assets	**13,974**	–
Non-current assets	**5,826**	5,703

In March 2020, the Group entered into a life insurance policy with an insurance company to insure a key management of the Company. Under the policy, the beneficiary and policyholder is HY Gate, and the total insured sum is US$5,000,000 (equivalent to approximately HK$39,000,000). HY Gate was required to pay an upfront deposit of approximately US$790,000 (equivalent to approximately HK$6,154,000) including a premium charge at the inception of the policy amounting to approximately US$47,000 (equivalent to approximately HK$369,000). HY Gate can terminate the policy at any time and receive cash value of the policy at the date of withdrawal, which is determined by the upfront payment of US$790,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("**Cash Value**"). In addition, if withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge. The insurance company will pay HY Gate an interest of 4.25% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the 2nd year, the interest will be a variable return with minimum guaranteed interest rate of 2% per annum by the insurance company on an annual basis.

The directors of the Company consider that the Group will not terminate the policies nor withdraw cash prior to the 7th year of the surrender period on the life insurance policy entered during the year ended 31 March 2020, accordingly, the amount is presented as non-current asset in the consolidated statement of financial position.

During the year ended 31 March 2025, the fair value gain of approximately HK$123,000 (2024: HK$158,000) was credited to profit or loss.

For the year ended 31 March 2024, the deposit placed for a life insurance policy was pledged as security for a bank borrowing of the Group and the security was released after the repayment of the bank borrowing as set out in note 26.

The carrying amount of deposit placed for a life insurance policy is denominated in US$.

As at 31 March 2025, the structured bank deposits represent the foreign currency linked structured bank deposits ("**SBDs**") of USD1.8 million placed by the Group to a licensed bank in Hong Kong on 20 January 2025, and the bank is obligated to redeem the deposits at the maturity day, 22 April 2025. Pursuant to the relevant underlying agreement, the SBDs carry interest at a variable rate per period with reference to the performance of foreign currency during the investment period and the principal sums are denominated in USD. The SBDs are designated at FVTPL on initial recognition as they contain related embedded derivatives.

20. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	15,548	12,847
Work-in-progress	874	1,747
Finished goods	9,588	7,291
	26,010	21,885

21. TRADE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	28,415	24,077
Less: Allowance for credit losses	(5,233)	(3,978)
	23,182	20,099

For customers that the Group provides engineering services on steel and metal works, the Group normally grants credit terms of 30 days from the date of certificate on progress payments of contract works. For customers that the Group sells metal and steel products, except for certain major customers of which the Group grants a credit period of up to 60 days from the delivery of goods, the Group grants no credit terms to other customers and they are to settle payment in full upon delivery of goods. The following is an ageing analysis of the trade receivables denominated in HK$ and presented based on the date of certificate on progress payments of contract works or the invoice date which approximates the date of revenue recognition for sales of metal and steel products at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
0–30 days	2,309	13,356
31–60 days	18,678	490
61–90 days	1,090	100
Over 90 days	1,105	6,153
	23,182	20,099

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK$'000	2024 HK$'000
Other receivables	3,521	2,875
Other deposits	–	654
Prepayments	5,111	1,333
	8,632	4,862
Analysed as:		
Current assets	8,632	4,862

23. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2025 HK$'000	2024 HK$'000
Unbilled revenue from engineering services contracts	17,892	16,930
Retention receivables	39,500	33,720
Less: Allowance for credit losses	(8,455)	(2,939)
	48,937	47,711
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade receivables"	23,182	20,099

The Group's engineering service contracts include payment schedules which require stage payments over the contract period once certain specified milestones based on surveyors' assessment are reached.

The Group has right to considerations from customers for the provision of steel and metal engineering services. Contract assets arise when the Group has right to considerations for completion of engineering services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as contract assets is reclassified to trade receivables when such right becomes unconditional other than the passage of time.

23. CONTRACT ASSETS/CONTRACT LIABILITIES — continued

Contract assets — continued

Retention receivables represent the monies withheld by customers of contract works and are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective engineering service projects.

The retention receivables, net of allowance for credit losses, are to be settled, based on the expiring of the defect liability period or in accordance with the terms specified in the relevant contracts, at the end of the reporting period as follows:

	2025 HK$'000	2024 HK$'000
On demand or within 1 year	6,641	9,468
After 1 year	24,731	21,687
	31,372	31,155

Details of impairment assessment of contract assets are set out in note 6(c)(i) to the consolidated financial statements.

Contract liabilities

	2025 HK$'000	2024 HK$'000
Billings in advance of performance obligation		
— Provision of steel and metal engineering services	–	108
— Sales of steel and metal products	149	9,027
	149	9,135

Contract liabilities relating to provision of steel and metal engineering services arises when the progress payment exceeds the revenue recognised to date under output method.

Contract liabilities relating to sales of steel and metal products arise when the Group has obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount of consideration is due) from the customer.

23. CONTRACT ASSETS/CONTRACT LIABILITIES — continued

Contract liabilities — continued

Movements in contract liabilities:

	2025 HK$'000	2024 HK$'000
Balance at 1 April	**9,135**	518
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(9,135)**	(518)
Increase in contract liabilities as a result of receiving advance payment from customers	**149**	9,135
Balance at 31 March	**149**	9,135

No billings in advance of performance received that is expected to be recognised as income after more than one year (2024: Nil).

24. CASH AND CASH EQUIVALENTS

As at 31 March 2025, bank balances and cash of the Group in the PRC denominated in RMB amounted to approximately HK$5,884,000 (2024: HK$7,164,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Details of impairment assessment are set out in note 6(c)(iii) to the consolidated financial statements.

25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK$'000	2024 HK$'000
Trade payables	**3,923**	7,365
Accrued staff costs	**12,161**	8,227
Accruals and others	**4,385**	3,021
	20,469	18,613

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
0–30 days	**3,282**	4,764
31–60 days	**334**	1,112
61–90 days	**36**	1,426
Over 90 days	**271**	63
	3,923	7,365

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	**1,259**	6,546
US$	**2,648**	803
RMB	**16**	16
	3,923	7,365

26. BANK BORROWING

During the year ended 31 March 2024, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowing with an aggregate amount of approximately HK$3,740,000. The bank has not requested for the early repayment of the bank borrowing and the Group has fully repaid the borrowing with its existing working capital during the year ended 31 March 2024.

27. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Within 1 year	**81**	162	**81**	155
More than 1 year but not exceeding 2 years	**–**	243	**–**	239
	81	405	**81**	394
Less: Future finance charges	**–**	(11)	**N/A**	N/A
Present value of lease obligations	**81**	394	**81**	394
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(81)**	(155)
Amount due for settlement after 12 months			**–**	239

The Group's weighted average incremental borrowing rates applied to lease liabilities at 4.5% (2024: 4.5%).

The Group's lease liabilities are denominated in HK$.

28. PROVISIONS

	Long service payments HK$'000
At 1 April 2023, 31 March 2024 and 1 April 2024	280
Charge to profit or loss	2,005
At 31 March 2025	2,285

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. Provisions recognised in respect of long service payments are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to end of each reporting period. Any changes in the provisions' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss.

29. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset. The following are the deferred tax assets/(liabilities) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK$'000	Provision for long service payment HK$'000	ECL provision HK$'000	Share-based payments HK$'000	Total HK$'000
At 1 April 2023	(193)	26	90	162	85
Credit to profit or loss (note 14)	299	20	197	(162)	354
At 31 March 2024 and 1 April 2024	106	46	287	–	439
Charge to profit or loss (note 14)	(285)	–	(72)	–	(357)
At 31 March 2025	**(179)**	**46**	**215**	**–**	**82**

As at 31 March 2025, the Group has estimated unused tax losses of approximately HK$36,986,000 (2024: HK$16,479,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

Included in unrecognised tax losses of approximately HK$28,553,000 (2024: HK$14,266,000) may be carried forward indefinitely. Other tax losses of approximately HK$8,433,000 (2024: HK$2,213,000) will expire after 5 years from the year of assessment they related to.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. SHARE CAPITAL

Details of movements of share capital are as follows:

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	3,800,000	38,000
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 1 April 2024	767,600	7,676
Issue of shares (note)	153,520	1,535
At 31 March 2025	921,120	9,211

Note: The Company issued 153,520,000 ordinary shares of HK$0.01 each to independent third parties at a subscription price of HK$0.054 in June 2024.

Capital management

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

The capital structure of the Group consists of net debt, which includes borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The externally imposed capital requirements for the Group are: (a) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (b) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2025, over 25% (2024: over 25%) of the shares were in public hands.

The Group is subject to the maintenance of a specified financial requirement on reserve its consolidated tangible net worth. Consolidated tangible net worth consists of issued capital, share premium, statutory surplus, special reserve and retained profits attributable to owners of the Company less deferred tax as disclosed in the consolidated financial statements.

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2025 HK$'000	2024 HK$'000
Non-current assets		
Investments in subsidiaries	–*	–*
Amounts due from subsidiaries	55,848	71,704
	55,848	71,704
Current assets		
Amounts due from subsidiaries	71,722	49,095
Bank balances	39	646
	71,761	49,741
Current liabilities		
Other payables and accruals	3,823	2,671
Net current assets	67,938	47,070
NET ASSETS	123,786	118,774
Capital and reserves		
Share capital (note 30)	9,211	7,676
Reserves	114,575	111,098
TOTAL EQUITY	123,786	118,774

* Amount less than HK$1,000

Approved by the board of director of the Company on 30 June 2025 and are signed on its behalf by:

Mr. Sin Kwok Chi Stephen *Director*	**Mr. Law Hok Yu** *Director*

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY — continued

Reserves movement of the Company

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	154,701	5,124	(43,655)	116,170
Profit and total comprehensive income for the year	–	–	52	52
Cancellation of share options	–	(5,124)	–	(5,124)
At 31 March 2024 and 1 April 2024	154,701	–	(43,603)	111,098
Loss and total comprehensive expenses for the year	–	–	(3,029)	(3,029)
Issue of shares	6,506	–	–	6,506
At 31 March 2025	**161,207**	**–**	**(46,632)**	**114,575**

32. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provisions of the Company's Memorandum and Articles of Association and provided that immediately following the distribution the Company is able to pay its debts as they fall due in the ordinary course of business.

32. RESERVES — continued

(b) Nature and purpose of reserves — continued

(ii) Statutory surplus reserve

Statutory surplus reserves include statutory surplus reserve and discretionary surplus reserve.

According to the relevant rules and regulations in the PRC, subsidiaries of the Company established in the PRC are required to transfer 10% of their profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

Moreover, upon approval by the equity owner, a subsidiary of the Company transfers 10% of its profit after tax, as determined in accordance with the PRC accounting and regulations, to the discretionary surplus reserve.

(iii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(r) to the consolidated financial statements.

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(c)(iii) to the consolidated financial statements.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for showroom, factory and office premises. As at 31 March 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 18 to the consolidated financial statements.

34. RETIREMENT BENEFIT SCHEMES

Hong Kong

The Group participates in defined contribution schemes which are registered under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance (the "**MPFSO**") in December 2000. The assets of the scheme are held, separately from those of the Group, in funds under the control of independent trustees.

The Group contributes 5% (2024: 5%) of relevant payroll costs to the MPF Scheme, which contributions are matched by the employees. The maximum monthly amount of contributions is limited to HK$1,500 (2024: HK$1,500) per employee. The Group has participated in a master trust MPF Scheme since December 2000 and made contributions to the MPF Scheme in accordance with the statutory requirements of the MPFSO.

The PRC

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC have joined defined contribution retirement schemes for the employees arranged by local municipal government labour and security authorities (the "**PRC Retirement Schemes**"). The subsidiaries in the PRC make contributions to the PRC Retirement Schemes at the applicable rates ranged from 14% to 15% (2024: 14% to 15%) based on the amounts stipulated by the local municipal government organisations. Upon retirement, the local municipal government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the years ended 31 March 2024 and 2025, the Group had no forfeited contributions under the MPF Scheme and PRC Retirement Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 31 March 2024 and 2025 under the MPF Scheme and PRC Retirement Scheme which may be used by the Group to reduce the contribution payable in future years.

During the year, the retirement benefits scheme contributions charged to consolidated statement of profit or loss were approximately HK$4,869,000 (2024: HK$4,146,000).

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 April 2023	695	3,740	4,435
Cash flows	(325)	(3,765)	(4,090)
Finance costs (note 12)	24	25	49
At 31 March 2024 and 1 April 2024	394	–	394
Cash flows	(323)	–	(323)
Finance costs (note 12)	10	–	10
At 31 March 2025	**81**	**–**	**81**

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025 HK$'000	2024 HK$'000
Within operating cash flows	**670**	643
Within financing cash flows	**313**	301
	983	944

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rental paid	**983**	944

36. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties:

(a) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year are as follows:

	2025	2024
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**3,110**	2,867
Retirement benefits costs	**53**	59
	3,163	2,926

The remuneration of directors of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. SHARE-BASED PAYMENTS

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 19 September 2018 for the primary purpose of providing incentives to eligible participants, and shall be valid and effective for a period of 10 years. Under the Scheme, the board of directors of the Company may grant options to eligible participants to subscribe for shares in the Company.

As at 31 March 2024 and 2025, the number of ordinary shares in respect of which options had been granted and remained outstanding under the Scheme was nil, representing nil of the total ordinary shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the listing date and 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders. The table below discloses movement of the Company's share options granted under the Scheme during the years ended 31 March 2024 and 2025:

		Number of share options			
Category	**Exercise period**	At 31 March 2023 and 1 April 2024	Forfeited during the year ended 31 March 2024 (note 1)	Cancelled during the year ended 31 March 2024 (note 1)	**At 31 March 2024 and 2025**
— Employees	11 January 2022 to 10 January 2024	3,530,000	(175,000)	(3,355,000)	–
	11 January 2023 to 10 January 2024	3,530,000	(175,000)	(3,355,000)	–
		7,060,000	(350,000)	(6,710,000)	–
Number of share options exercisable at the end of the year		7,060,000			–

Note:

1. During the year ended 31 March 2024, no share options under the Scheme were exercised. The Company cancelled 6,710,000 share options which were granted on 11 January 2019 and the exercise price of the cancelled share options was HK$1.53 per Share. There were 350,000 share options forfeited during the year ended 31 March 2024.

37. SHARE-BASED PAYMENTS — continued

A total of 24,000,000 share options were granted on 11 January 2019 with exercise price of HK$1.53 per share, out of which 15,200,000 shares are vested immediately on grant date, 4,400,000 shares will be vested in three years from the grant date and the remaining 4,400,000 shares will be vested in four years from the grant date. The exercise price was determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The fair value of the options determined at the date of grant using the Binomial option pricing model was HK$9,348,000.

The following assumptions were used to calculate the fair values of share options at the date of grant on 11 January 2019:

	Group 1 Employees	**Group 2 Employees**	**Group 3 Consultant**
Share options granted at grant date	8,800,000	7,600,000	7,600,000
Spot price per share on grant date	HK$1.53	HK$1.53	HK$1.53
Exercise price	HK$1.53	HK$1.53	HK$1.53
Life to expiration (note a)	5 years	1 year	2 years
Expected volatility (note b)	49.359%	37.063%	37.010%
Dividend yield	1.307%	1.307%	1.307%
Risk-free interest rate (note c)	1.769%	1.577%	1.652%

Notes:

(a) Life to expiration: Being the period commencing on the date of grant based on the contractual terms of the share options to the expiring date.

(b) Expected volatility: Estimated with reference to historical price volatilities of 4 comparable companies as extracted from Bloomberg for a period equal to the life to expiration as of the valuation date.

(c) Risk-free interest rate: Determined with reference to the yields of Hong Kong Sovereign Curve with a maturity life equal to the life to expiration as of the valuation date.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

During the year ended 31 March 2025, no share-based payment expense is recognised in profit or loss.

During the year ended 31 March 2024, a reversal of equity-settled share option expenses of approximately HK$5,124,000 was recognised in profit or loss.

38. CAPITAL COMMITMENTS

	2025 HK$'000	2024 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	294

39. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2024 and 2025.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2025 as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued share capital/ paid-up capital	Attributable equity interest of the Group as at 31 March		Principal activities
				2025	2024	
Directly held by the Company:						
HY Metal Company Limited	BVI	Hong Kong	Ordinary share of US$1	100%	100%	Investment holding
Indirectly held by the Company:						
HY Gate	Hong Kong	Hong Kong	Ordinary share of HK$10,000	100%	100%	Design, manufacture, supply and installation of steel and metal products for construction projects
惠州恒益五金製品有限公司# (Huizhou Hengyi Wujin Zhipin Limited*)	The PRC	The PRC	Paid up capital of HK$40,000,000 (2024: HK$40,000,000)	100%	100%	Manufacture and sales of steel and metal products

Being a wholly foreign-owned entity established in the PRC.

* The English name is used for identification purpose only. The official name of this entity is in Chinese.

Except for Huizhou Hengyi Wujin Zhipin Limited which have a financial year end of 31 December, all subsidiaries are limited liability companies and have adopted 31 March as their financial year end date.

None of the subsidiaries had issued any debt securities at any time during both years or at the end of the reporting period.

41. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Group had no significant event requiring disclosure subsequent to the end of the reporting period and up to the date of this annual report.

42. COMPARATIVE FIGURES

Certain comparative financial information has been reclassified in order to conform with current period's presentation.

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is as follows:

RESULTS

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Re-presented)	
Revenue					
— continuing operations	**187,517**	157,197	184,904	203,598	209,608
— discontinued operation	**–**	–	–	–	–
	187,517	157,197	184,904	203,598	209,608
(Loss)/profit before taxation	**(23,319)**	(4,444)	2,920	21,186	(114,460)
Income tax (expense)/credit	**(693)**	326	(1,162)	(3,391)	771
(Loss)/profit for the year from continuing operations	**(24,012)**	(4,118)	1,758	17,795	(113,689)
(Loss)/profit from discontinued operation	**–**	–	(21,161)	3,173	–
(Loss)/profit for the year	**(24,012)**	(4,118)	(19,403)	20,968	(113,689)

ASSETS AND LIABILITIES

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**167,492**	188,391	189,496	193,132	208,654
Total liabilities	**(22,984)**	(28,422)	(19,398)	(31,049)	(68,202)
Net assets	**144,508**	159,969	170,098	162,083	140,452

Note:

The financial result of the Group for the year ended 31 March 2022 has been re-presented to reflect the exclusion of financial information of the discontinued operation.