Luen Wong Group Holdings Limited
聯 旺 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8217

2019
ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This report, for which the directors (the "Directors") of Luen Wong Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. So Kwok Hung *(Chairman)*
Ms. Yu Xiao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Kan
Mr. Tai Hin Henry
Mr. Liao Honghao

COMPANY SECRETARY

Mr. So Pan

COMPLIANCE OFFICER

Mr. So Kwok Hung

AUDIT COMMITTEE

Mr. Wong Chi Kan *(Chairman)*
Mr. Tai Hin Henry
Mr. Liao Honghao

REMUNERATION COMMITTEE

Mr. Wong Chi Kan *(Chairman)*
Mr. Liao Honghao
Ms. Yu Xiao

NOMINATION COMMITTEE

Mr. So Kwok Hung *(Chairman)*
Mr. Wong Chi Kan
Mr. Tai Hin Henry

AUTHORISED REPRESENTATIVES

Mr. So Kwok Hung
Mr. So Pan

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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COMPLIANCE ADVISER

TC Capital International Limited

AUDITORS

Elite Partners CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.luenwong.hk

STOCK CODE

8217

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Luen Wong Group Holdings Limited (the "Company"), it is my pleasure to present the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 (the "Reporting Period").

A YEAR IN REVIEW

The shares of the Company (the "Shares") were successfully listed on GEM of the Stock Exchange on 12 April 2016 (the "Listing") by way of placing (the "Placing"). The Listing has enhanced the Group's profile and recognition and assist us in reinforcing our brand awareness and image. The net proceeds raised have also strengthened the Group's operational capacity.

The total revenue of the Group decreased by approximately HK$275,753,000 from approximately HK$708,595,000 for the year ended 31 March 2018 to approximately HK$432,842,000 for the Reporting Period. Such decrease was mainly due to few large construction projects reaching completion stage.

OUTLOOK

In the 2019-20 Budget Speech, the Government reiterated its commitment to infrastructure and announced to spend an estimated HK$6 billion on public infrastructure enhancement. It is expected construction projects is about to remain at a stable level in the next few years. However, challenges like delaying in budget approval due to filibustering and shortage of manpower will continue to strike the civil engineering industry.

As to the Group, we are confident with the prospects of the Group for the next few years as we have recently secured few projects which estimated to be completed in end-2019. These projects could ensure sustainability of the Group and increase employees' loyalty towards the Group.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our management and staff for their continued loyalty, diligence and contributions throughout the year. I would also like to express my sincere gratitude to our shareholders, business partners, customers, suppliers and subcontractors for their continued support to the Group.

Luen Wong Group Holdings Limited
So Kwok Hung
Chairman

Hong Kong, 21 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 19 years of experience in providing civil engineering works as a subcontractor in Hong Kong. The civil engineering works undertaken by the Group are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); and (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development).

As at 31 March 2019, we had 33 contracts on hand with a total contract sum of approximately HK$1,933,359,000. During the year, we have been awarded 2 new contracts with a total contract sum of approximately HK$119,403,000.

OUTLOOK

2020 is expected to be full of opportunities and challenges. The planned commitment in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that occur during project implementation continue being threats that likely affect the Group's profit as a subcontractor.

Looking forward, the Group will continue to strengthen the competitive edge of the Group over the competitors in the civil engineering industry and at the same time carefully evaluate each projects and control the Group's overall costs to a reasonable level; which in turn increase shareholders' return.

SIGNIFICANT INVESTMENT

		As at 31 March 2019			
Financial asset at FVTPL Significant Investments	**For the year ended 31 March 2019 Fair value loss** *HK$'000*	**Number of shares held** *'000*	**Fair value** *HK$'000*	**Approximately percentage to the total asset**	**As at 1 April 2018 Fair value** *HK$'000*
WLS Holdings Limited ("WLS")	**1,009**	**168,210**	**7,065**	**2.7%**	**8,074**
Other listed equity securities (note 1)			**16,326**	**6.2%**	**31,742**
Total			**23,391**	**8.9%**	**39,816**

Note:

1. As at 31 March 2019, other listed equity securities comprised 6 listed equity securities in Hong Kong. None of the other listed equity securities was more than 5% of the total assets of the Group as at 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

WLS is principally engaged in provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities brokerage and margin financing, securities investment business, and assets management business. Based on WLS's third quarterly report for the nine months ended 31 January 2019, revenue and loss after income tax of WLS was approximately HK$137.9 million and HK$22.3 million respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

FINANCIAL REVIEW

Revenue

All of the Group's revenue was generated from the provision of civil engineering works and provision of decoration and renovation works. The total revenue of the Group decreased by approximately HK$275,753,000 from approximately HK$708,595,000 for the year ended 31 March 2018 to approximately HK$432,842,000 for the Reporting Period. Such decrease was mainly due to few large construction projects reaching completion stage. As at 31 March 2018, we had 32 contracts on hand with a total contract sum of approximately HK$2,003,974,000 whilst as at 31 March 2019, we had 33 contracts on hand with a total contract sum of approximately HK$1,933,359,000.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased significantly by approximately HK$16,635,000 from approximately HK$17,780,000 for the year ended 31 March 2018 to approximately HK$1,145,000 for the Reporting Period. The Group's gross profit margin decreased from approximately 2.5% for the year ended 31 March 2018 to approximately 0.3% for the Reporting Period, representing a decrease of approximately 2.2 percentage points.

Our gross profit margin varied substantially from project to project and is mainly attributable to our pricing, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis and such mark-up is determined based on the following factors:

Contract value of the project

We would normally set a tender price based on a relatively lower mark-up for projects with a larger contract value due to the larger absolute amounts of revenue and gross profit (being the contract sum less the expected costs of sales) expected to be derived from a project with a larger contract value.

Nature and complexity of civil engineering works

When preparing our tender price, we consider, among other factors, (i) the amount of project management; (ii) the level of difficulty; (iii) the amount of uncertainties; (iv) the types and amount of works to be performed using different techniques; (v) the types and amount of resources such as labour skills, construction materials and supplies and site equipment; and (vi) the quality, safety and environmental standards. We would also take into account the likelihood of any material deviation of actual costs from our estimated costs having regard to the estimated subcontracting charges, staff costs, construction materials and supplies costs, rental of site equipment costs and other costs of sales.

Competition

The level of competition for each construction project is subject to factors beyond our control, including, among others, the number of contractors invited to bid for the construction project, our competitors' capacity and the nature and complexity of the works involved. If the level of competition of a particular construction project is low or if our competitors' tender prices are relatively high, which is due to their own commercial decisions, we may be able awarded the construction project even if our tender price is not particularly competitive.

Cost control

While we may obtain preliminary quotations from our subcontractors when preparing our tender prices, the final agreed prices with our subcontractors are subject to further negotiations after we are successfully awarded with a tender and after we obtain more specific information regarding the works and the site conditions. Such further negotiations with our subcontractors may result in higher or lower gross profit margins.

We enter into contra charge arrangements with some of our customers for, among others, the purchase of construction materials and supplies and site equipment rental and hence any increase in these costs are borne by our customers. The prices of construction materials and supplies and site equipment rental and other costs of sales that are not covered by contra charge arrangements are determined by reference to quotations of suppliers as agreed by us and our suppliers on an order-by-order basis. While we price in the estimated future price trend of these costs of sales when preparing our tender proposals, material deviation of the actual costs from our estimated costs may arise, which would result in higher or lower gross profit margins.

Due to, among others, the factors stated above, our gross profit margin varied substantially from project to project.

Other Income

Other income of the Group increased by approximately HK$11,501,000 from approximately HK$273,000 for the year ended 31 March 2018 to approximately HK$11,774,000 for the Reporting Period. The increase was mainly arose from the disposal of listed securities as announced on 29 May 2018 and also the refund of insurance.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group remained stable which slightly decreased by approximately HK$1,014,000 or 5.0% from approximately HK$20,483,000 for the year ended 31 March 2018 to approximately HK$19,469,000 for the Reporting Period. Administrative and other operating expenses consists primarily of staff costs, depreciation, rental expenses and other administrative expenses.

Finance Costs

Finance costs for the Group decreased by approximately HK$225,000 or 92.6% from approximately HK$243,000 for the year ended 31 March 2018 to approximately HK$18,000 for the Reporting Period. The decrease was mainly attributable to completion of repayment of certain finance lease liabilities during the year.

Income Tax Credit/Expense

Income tax for the Group had changed from income tax expense of approximately HK$219,000 for the year ended 31 March 2018 to income tax credit of approximately HK$520,000 for the Reporting Period. Such change was mainly due to the decrease in recognition of deferred tax liabilities arising from excess of net book values of property, plant and equipment over tax values.

Loss for the year

Loss for the year increased by approximately HK$3,156,000 from loss of approximately HK$2,892,000 for the year ended 31 March 2018 to loss of approximately HK$6,048,000 for the Reporting Period. Such decrease was primarily attributable to the net effect of the decrease in revenue, gross profit, administrative and other operating expenses and income tax expense for the Reporting Period as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash and bank balances are denominated in Hong Kong dollar. The current ratio of the Group as at 31 March 2019 remained stable at approximately 1.3 times as compared to that of approximately 1.3 times as at 31 March 2018.

The total interest bearing debts of the Group, including bank borrowings and finance lease liabilities, increased from approximately HK$138,000 as at 31 March 2018 to approximately HK$891,000 as at 31 March 2019. All borrowings are denominated in Hong Kong dollar and are repayable within 5 years. The Group did not carry out any hedging for its floating borrowings.

As at 31 March 2019 and 2018, the Group had no general banking facilities. As at 31 March 2019, the finance lease liabilities amounted to approximately HK$891,000 (31 March 2018: approximately HK$138,000).

The gearing ratio, calculated based on all interest-bearing borrowings and obligations under finance leases divided by total equity at the end of the period and multiplied by 100%, stood at approximately 1.1% as at 31 March 2019 (31 March 2018: approximately 0.1%). With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Shares were successfully listed on GEM of the Stock Exchange on 12 April 2016. There has been no change in the capital structure of the Group since then. As at 31 March 2019, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK$12,480,000 and HK$82,459,000 respectively.

COMMITMENTS

As at 31 March 2019, there was no capital commitment for the Group (31 March 2018: HK$Nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities (31 March 2018: HK$Nil).

ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not carry out any material acquisitions nor disposals of subsidiaries and affiliated companies for the Reporting Period.

Save as disclosed in this annual report, the Group did not have other plans for material investments or capital assets as at 31 March 2019.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. Since United States dollars is linked to Hong Kong dollars at the rate of United States dollars 1 to Hong Kong dollars 7.80, the Directors therefore consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE OVER GROUP'S ASSETS

The total interest bearing debts of the Group, including finance lease liabilities amounted to approximately HK$891,000 as at 31 March 2019 (2018: HK$138,000).

As at 31 March 2019 and 2018, the Group had no general banking facilities. As at 31 March 2019, the finance lease liabilities amounted to approximately HK$891,000 (31 March 2018: approximately HK$138,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had approximately 192 employees (31 March 2018: 205 employees). The total staff costs incurred, including Directors' emoluments, of the Group were approximately HK$88,149,000 for the Reporting Period (31 March 2018: approximately HK$87,337,000). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to the Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, we offer other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2018: HK$Nil).

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 March 2016 (the "Prospectus") with the Group's actual business progress for the period from 12 April 2016 (the "Listing Date") to 31 March 2019 is set out below:

Business objectives up to 31 March 2019	Actual Business Progress up to 31 March 2019
Acquisition of additional site equipment	
– Purchase three hydraulic truck cranes, three motor vehicles, three generators, one air compressor and one excavator for the Group's projects	The Group purchased four hydraulic truck cranes, three motor vehicles, three generators and two excavators for use in its projects (Note)
– Evaluate the effectiveness and efficiency of site equipment and obtain quotation for new site equipment	The Group will continue monitoring the effectiveness and efficiency of the site equipment on hand
Further strengthening our manpower	
– Recruit three crane operators, two engineers, one project manager, three foremen, one administrative staff and one quantity surveyor	The Group recruited three crane operators, two engineers, one project manager, three foremen, one administrative staff and one quantity surveyor to cope with the business development
– Continue to assess the sufficiency of the Group's labour resources and provide training to existing and newly recruited staff and/or sponsor its staff to attend training courses	The Group will continue to assess the sufficiency of its labour resources and has sponsored existing and newly recruited staff to attend various training courses organised by third parties

USE OF PROCEEDS OBTAINED FROM THE LISTING AND CHANGE IN USE OF PROCEEDS

The net proceeds from the share offer received by the Company in relation to the Listing, after deducting listing related expenses, were approximately HK$35.7 million. An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019 *HK$ million*	Actual use of net proceeds up to 31 March 2019 *HK$ million*
Acquisition of additional site equipment	18	18
Further strengthening our manpower	7.6	7.6
Repayment of bank loans and finance lease	6.8	6.8
General working capital of the Group	3.3	3.3

Note: The Group refers to the announcement of the Company dated 21 June 2016 regarding a change in use of proceeds for the period from the Listing Date to 30 September 2016. The Board resolved to change the use of net proceeds from the Placing by acquiring four (one large and three small) hydraulic truck cranes instead of three (large) hydraulic truck cranes. The Board noted from the 2016-17 Budget released by the Government on 1 April 2016 that most of the projects of the Highways Department that are in the planning stage or under investigation and preliminary design stage are expected to be carried out in urban areas. Large hydraulic truck cranes are not as suitable for use in smaller construction sites with limited space, such as in urban areas, while smaller hydraulic truck crane are suitable for use in most construction sites and hence, provides greater flexibility. Having considered the above reason, the Board considers that acquiring the proposed composition of one large and three small hydraulic truck cranes would be more suitable as most of the upcoming projects of the Highways Department are expected to be carried out in urban areas.

The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

The Group also refers to the announcement of the Company dated 14 June 2017 regarding a change in use of proceeds for the period from 1 April 2017 to 30 September 2017. The Board has resolved to change the use of net proceeds from the Placing by acquiring two excavators instead of one air compressor and one excavator. In October 2016, the Board assessed the needs for each project and had decided to use our internal resources to purchase an air compressor to address such needs. Therefore, the Board considers that purchasing an additional air compressor with the listing proceeds would not be efficient and effective at this stage. The Board has considered the listing proceeds to be better utilised with the purchase of an additional excavator to replace an existing excavator which has broken down and would be costly to repair. Having considered the above reasons, the Board has decided to purchase two excavators with the listing proceeds of approximately HK$0.7 million, which is allocated for use from 1 April 2017 to 30 September 2017. The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the Shareholders as a whole.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. SO Kwok Hung (蘇國雄先生), aged 37, has over 15 years of working experience in the building and construction field. He has participated in the overall management and supervision of certain sizeable construction projects in Hong Kong. Mr. So was appointed as executive director on 16 November 2017.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Ms. YU Xiao (余曉女士), aged 38, has over 10 years of working experience in the civil engineering and construction field in real property. She has participated in the overall management and supervision of certain sizeable construction projects including design, build, supervise and maintain construction projects and systems. Prior to joining the Group, Ms. Yu worked as an architect and engineer in Department of Civil Engineering in Hunan Hechingyuan Construction Engineering Company. Ms. Yu graduated from the College of Civil Engineering, Hunan University in June 2000 with a bachelor degree in civil engineering. Ms. Yu was appointed as executive director on 16 November 2017.

Save as disclosed above, she was not a director in any other listed companies for the last three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chi Kan (黃智瑾先生), aged 33, is an independent non-executive Director. He has over 7 years of experience in auditing and accounting. He has served as financial controller in a private company primarily responsible for the financial and accounting matters, since June 2017. From March 2016 to June 2017, he worked as an assistant financial controller in a company principally engaged in provision of financial public relations services. He worked as an accounting manager in a company listed on GEM of the Stock Exchange which principally engaged in sale of biodegradable food containers and disposable industrial packaging for consumer products between March 2015 and March 2016. He served for certain sizeable CPA firms in Hong Kong from November 2010 to February 2015. Mr. Wong obtained a Bachelor of Commerce degree and a master's degree in Professional Accounting from the University of New South Wales in May 2009 and August 2010 respectively. He is also a fellow member of the Certified Practising Accountants Australia since March 2014 and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wong was appointed as independent non-executive director on 12 April 2016.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. TAI Hin Henry (戴騫先生), aged 33, is an independent non-executive Director. He has over 7 years of experience in auditing and accounting. He has been an accounting manager of Rich Gain Construction Development Company Limited, a construction company in Hong Kong, since August 2014. From May 2009 to July 2014, he worked as an audit senior in Louis Leung and Partners CPA Limited. He also worked at New Time Trading Company, a company principally engaged in the trading of jewellery and jade, as a sales executive during the period from September 2007 to April 2009. He graduated from the London School of Economics and Political Science, University of London with a Bachelor of Science majoring in Accounting and Finance in June 2007. He has completed the CPA Qualification Programme of the Hong Kong Institute of Certified Public Accountants in August 2015. Mr. Tai was appointed as independent non-executive director on 12 April 2016.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. LIAO HongHao (廖洪浩先生), aged 59, is an independent non-executive Director. He is currently a general manager of the marketing department of a company incorporated in the People's Republic of China (the "PRC"), which engaged in publishing business in the PRC. He graduated in Meizhou Radio & TV University and he has more than 30 years' experience in business strategic planning and marketing. Mr. Liao was appointed as independent non-executive director on 2 March 2018.

Save as disclosed above he was not a director in any other listed companies for the last three preceding years.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information in relation to the Directors that is required to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules as at the date of this report.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rule, the Board is pleased to present hereby the corporate governance report of the Company for the Reporting Period.

The Directors and the management of the Group recognise the significance of sound corporate governance to the long-term and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures for the best interest of the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to the Reporting Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code except the following deviations:

Code provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Due to other business engagement, the independent non-executive Directors, Mr. Tai Hin Henry and Mr. Liao Honghao, was unable to attend the annual general meeting of the Company held on 3 August 2018. For deviations from code provision A.6.7 and E.1.2 of the Code, the Company Secretary had reminded the chairman and the relevant independent non-executive Directors as well as the current independent non-executive Directors to attend general meetings of the Company in future.

BOARD OF DIRECTORS

Responsibilities of the Board

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

Corporate Governance Functions

The Board is responsible for, among others, performing the corporate governance duties as set out in paragraph D.3.1 of the CG Code, which include:

(a) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

(e) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

Composition of the Board

Up to the date of this report, the Board comprise five Directors, including two executive Directors and three independent non-executive Directors (the "INEDs"). In particular, the composition of the Board is set out as follow:

Executive Directors
Mr. So Kwok Hung
Ms. Yu Xiao

INEDs
Mr. Wong Chi Kan
Mr. Tai Hin Henry
Mr. Liao HongHao

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

Board Nomination Policy

The Company adopted a nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and the Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board Diversity Policy

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company, and where appropriate, revisions will be made with the approval from the Board.

Relationships between members of the Board

The Directors have no financial, business, family or other material or relevant relationship with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established to ensure a balance of power and authority.

Mr. So Kwok Hung serves as the Chairman of the Company and is responsible for overall business development strategy and overall management and major business decisions of the Group.

BOARD MEETINGS

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments on the final version of which are endorsed in the subsequent Board meeting.

During the Reporting Period, eleven board meetings were held and the attendance records are as follows:

Name of Director	Meetings attended/ Eligible to attend
Executive Directors	
Mr. So Kwok Hung	11/11
Ms. Yu Xiao	11/11
INEDs	
Mr. Wong Chi Kan	11/11
Mr. Tai Hin Henry	11/11
Mr. Liao HongHao	11/11

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "Code of Conduct'). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to the date of this report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has established its nomination committee. The nomination committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group. Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and until terminated by either the Company or the Director giving to the other not less than three months' notice in writing in accordance with the terms of the agreement. Each INEDs was appointed under a letter of appointment for a fixed term of three years initially commencing from the Listing Date shall terminate on whenever is the earlier of (i) the date of expiry of the period; (ii) ceasing to be a director for any reason pursuant to the Articles of Association of the Company or any other applicable law; or (iii) either party giving at least one month's notice in writing.

In accordance with Article 108(a) of the Articles of Association of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Ms. Yu Xiao and Mr. Tai Hin Henry will retire from office as Directors at the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-election.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of continuing professional development for the Directors for better corporate governance and internal control system. In this regard and in compliance with code provision A.6.5 of the CG Code, the Group has provided funding to all Directors to participate in continuous professional development organised in the form of in-house training and seminars to keep them refreshed of their knowledge and skills and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the GEM Listing Rules and corporate governance practices.

Pursuant to the code provision A.6.5 of the CG Code, during the Reporting Period, all Directors had participated in continuous professional development in the following manner:

Directors	Reading materials regarding regulatory update and corporate governance matters	Attending in-house training/ seminars arranged by the professional organisations
Executive Directors		
Mr. So Kwok Hung	✓	✓
Ms. Yu Xiao	✓	✓
INEDs		
Mr. Wong Chi Kan	✓	✓
Mr. Tai Hin Henry	✓	✓
Mr. Liao HongHao	✓	✓

BOARD COMMITTEES

The Group has established three committees, namely audit committee, remuneration committee and nomination committee in compliance with the GEM Listing Rules and to assist the Board to discharge its duties. The relevant terms of reference of each of the three committees can be found on the Group's website (www.luenwong.hk) and the website of the Stock Exchange.

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely Mr. Wong Chi Kan, Mr. Tai Hin Henry and Mr. Liao HongHao, all being INEDs. Mr. Wong Chi Kan currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

With reference to the terms of reference, the primary responsibilities of the audit committee, among others, are as follow:

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to develop and implement policy on engaging an external auditors to supply non-audit services;

(d) to monitor the integrity of financial statements and the annual report and accounts, half year report and quarterly reports, and to review significant financial reporting judgments contained in them;

(e) to discuss the internal control system with management of the Group to ensure that the management of the Group has performed its duty to have an effective internal control system; and

(f) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

The members of the audit committee should meet at least four times a year. The individual attendance record of each member of the audit committee is as follows:

Name of Directors	Number of attendance/ number of meetings
Mr. Wong Chi Kan *(Chairman)*	4/4
Mr. Tai Hin Henry	4/4
Mr. Liao HongHao	4/4

During the Reporting Period, the audit committee had reviewed the Group's unaudited first quarterly results for the three months ended 30 June 2018, unaudited interim results for the six months ended 30 September 2018 and the unaudited third quarterly results for the nine months ended 31 December 2018, and discussed about the internal controls and financial reporting matters of the Group. The audit committee had also reviewed audited annual results in respect of the year ended 31 March 2019, and confirmed that this report complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There was no disagreement between the Board and the audit committee regarding selection and appointment of the external auditors during the year ended 31 March 2019.

The Board is of the view that the audit committee had properly discharged its duties and responsibilities from the Listing Date and up to the date of this report.

REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference in compliance with paragraph B.1.2 of the CG Code. The remuneration committee consists of three members, namely Mr. Wong Chi Kan, Mr. Liao HongHao and Ms. Yu Xiao. Mr. Wong Chi Kan currently serves as the chairman of the remuneration committee.

The remuneration committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of remuneration committee, the primary duties, among others, are as follow:

(a) to formulate remuneration policy for the approval of the Board;

(b) to make recommendations to the Board on the Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(d) to determine, with delegated responsibility or make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group;

(e) to make recommendations to the Board on the remuneration of non-executive Directors;

(f) to review and approve compensation payable to executive Directors and senior management of the Group for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(h) to consider the performance bonus for executive Directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board.

The members of the remuneration committee should meet at least once a year. The individual attendance record of each member of the remuneration committee is as follows:

Name of Directors	**Number of attendance/ number of meetings**
Mr. Wong Chi Kan *(Chairman)*	2/2
Mr. Liao HongHao	2/2
Ms. Yu Xiao (Appointed on 25 May 2018)	2/2

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the remuneration committee. Details of the Directors' emolument are set out in note 10 to the consolidated financial statements.

The Board is of the view that the remuneration committee had properly discharged its duties and responsibilities from the Listing Date and up to the date of this report.

NOMINATION COMMITTEE

A nomination committee has been established with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee of the Group comprises Mr. So Kwok Hung, the executive Director and Chairman, Mr. Wong Chi Kan and Mr. Tai Hin Henry, the INEDs. Mr. So Kwok Hung (appointed on 21 May 2018) currently serves as the chairman of the nomination committee.

The nomination committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of nomination committee, the primary duties, among others, are as follow:

(a) to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;

(b) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy;

(c) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to receive nominations from Shareholders or Directors when such are tendered and to make recommendations to the Board on the candidacy of the nominees, having regard to the Board's compositional requirements and suitability of the nominees;

(e) to assess the independence of INEDs and review the INEDs' confirmations on their independence; and make disclosure of its review results in the corporate governance report;

(f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Group; and

(g) regularly review the contribution required from a Director to perform his/her responsibilities to the Group, and whether he/she is spending sufficient time performing them.

The members of the nomination committee should meet at least once a year. The individual attendance record of each member of the nomination committee is as follows:

Name of Directors	**Number of attendance/ number of meetings**
Mr. So Kwok Hung *(Chairman)* (Appointed on 21 May 2018)	2/2
Mr. Wong Chi Kan	3/3
Mr. Tai Hin Henry	3/3

The Board is of the view that the nomination committee had properly discharged its duties and responsibilities from the Listing Date and up to the date of this report.

AUDITOR'S REMUNERATION

The amount of fees charged by the external auditors generally depends on the scope and volume of the external auditors' work performed.

For the Reporting Period, the remuneration paid or payable to the external auditors of the Company in respect of the statutory audit services and non-audit services for the Group are as follows:

	Fees paid/payable for services rendered	
	2019	2018
	HK$'000	*HK$'000*
Statutory audit services	**400**	600
Non-audit services for review of the Group's disclosure of quarterly reports and interim report	**Nil**	150

COMPANY SECRETARY

During the Reporting Period, Mr. So Pan has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. So Kwok Hung, an executive Director of the Company, was appointed as the compliance officer of the Company on 17 April 2018. Please refer to the section "Biographical Details of Directors and Senior Management" for his biographical information.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavors to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified.

2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems.

The risk management framework, coupled with our internal controls, ensures the risk associated with our different business units are effectively controlled in line with the Group's risk appetite.

The Group does not have an internal audit department. The Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

The Group engaged an external consultant, Elite Partners Risk Advisory Services Limited, for internal control to conduct an annual review on the risk management and internal control system of the Group during the year. The review covers certain procedures on the civil engineering works undertaken by the Group, and make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

The Group's 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.

With respect to the monitoring and disclosure of insider information, the Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. As at 31 March 2019, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report by external auditors, Elite Partners CPA Limited, about their reporting responsibility on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 43 to 47 of this report.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

The following procedures for the Shareholders to convene an extraordinary general meeting are subject to the Article 64 of the Articles of Association of the Company, and the applicable legislation and regulation, in particular the GEM Listing Rules:

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 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.

Shareholders may also use this same method to put forward proposals for the general meeting.

DIVIDEND POLICY

The Company adopted a policy on payment of dividends (the "Dividend Policy") in March 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after considering the Company's ability to pay dividends, which will depend on a number of factors, including but not limited to:

(i) the Group's actual and expected financial performance;

(ii) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(iii) retained earnings and distributable reserves of the Company and each of the members of the Group;

(iv) the Group's liquidity position;

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

(vi) any other factors that the Board deems relevant.

The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring interim dividends from time to time.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this report).

Should there are any enquiries and concerns from Shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Unit 703A, 7/F, Gee Tuck Building, 16-20 Bonham Strand Sheung Wan, Hong Kong, by post for the attention of the Board and/or the Company Secretary. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Investor Relations

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.luenwong.hk and meetings with investors and Shareholders. News update of the Group's business development and operation are also available on the Company's website.

Significant Changes in Constitutional Documents

Save for the adoption of the amended and restated Memorandum and Articles of Association of the Company for the purpose of the listing of the Shares on GEM of the Stock Exchange, during the Reporting Period, there had been no significant changes in the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Luen Wong Group Holdings Limited and its subsidiaries (the "Group") prepares the Environmental, Social and Governance Report. It discloses the Group's performance on Environmental, Social and Governance ("ESG") focusing on the accomplishments over the period between 1 April 2018 and 31 March 2019 ("the year").

This report covers the Group's major operations of undertaking civil engineering works in Hong Kong as a subcontractor. Major operating subsidiaries of the Group, namely Luen Hing Construction and Eng. Limited and Hop Fung Construction and Engineering Company Limited are covered in this report.

The report is in compliance with the Environmental, Social and Governance Reporting Guide in Appendix 20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX ESG Reporting Guide").

The Group commits to fully integrating corporate social and environmental well-being into various aspects of daily operations of the business. For achieving sustainable development, the Group also promotes environmental protection, makes positive contribution and creates long-term value in the communities. During the year under review, the Group committed to a high standard of corporate social responsibility and strictly complied with the requirements of relevant laws and regulations on ESG reporting.

Protecting the Environment

Environmental responsibility forms an important part of our corporate social responsibility. To honour our commitment to the environment, the Group is committed to conducting its business in an environmentally responsible manner, such as improving our environmental practices through minimising pollution, utilising energy efficiently and reducing waste in our daily operations.

Emission Control

In Hong Kong, the Air Pollution Control Ordinance is the principal legislation for controlling emission of air pollutants and noxious odour from construction, industrial activities and other polluting sources. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licenses and permits. The Group is fully committed to complying with the Air Pollution Control Ordinance and its subsidiary regulations.

As a responsible corporation, we have established policies and measures to continuously promote energy-saving and emission reduction. In addition to carbon emissions and energy consumption, the Group has also established best practices guidelines concerning air pollution, water pollution, noise, general and construction waste from head offices to project sites. Some of our eco-friendly actions may include but not limited to paper-less meetings, reusing envelopes, switching off lighting and appliances in offices after working hours, to enhance staff's environmental awareness for reducing energy consumption and carbon emissions. To further improve fuel efficiency and reduce greenhouse gases ("GHG") emissions, regular maintenance of the construction plants and equipment are conducted.

Being a responsible contractor, we apply good construction site management by devising methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and provide our experienced staff with suitable training to ensure that these methods are implemented. Control measures such as water sprays, dust curtains and covers are applied to suppress dust from excavation and during transportation.

Air emissions from motor vehicles	
Sulphur Oxide (SO_x)	1.6 kg
GHG emissions	
Direct GHG emissions (Scope 1)	5,452 tonnes
Indirect GHG Emissions (Scope 2)	33 tonnes
Other Indirect GHG Emissions (Scope 3)	6 tonnes
Total GHG emissions	5,494 tonnes

Improving Resource Efficiency

Water Efficiency Management

For the sake of continuing improvements in our water-use, we have strengthened our construction site management to improve water-use efficiency. Taking into account seasonal variations, we strive to construct adequate drainage channels, catchpits, situation traps and sedimentation tanks at our project sites and conduct regular self-monitoring maintenance check to avoid blockages or leakage. In order to reduce wastewater discharge, construction wastewater is collected and treated for reuse on site for wheel washing and dust suppression, alleviating dust generation from construction and demolition activities.

Under the Water Pollution Control Ordinance ("WPCO"), Cap. 358, discharge of any waste or polluted matter into the waters, communal sewers or drains in a water control zone is not permitted. With our environmental protection facilities, we firmly comply with the above ordinance and ensure that the wastewater discharged from our construction activities into sewers or elsewhere is in compliance with the terms and conditions of the licence issued by the Environmental Protection Department ("EPD").

Energy conservation

We have initiated a series of measures to enhance energy performance. In offices, we encourage the usage of electronic devices throughout our daily operations and take active measures to upgrade our electronic document management system; we set the air-conditioning temperatures at an environment-friendly level during summer months; all employees are told to switch off all lighting and air-conditioning if not in use; and at construction sites, our teams are also encouraged to switch off idle plants and machinery, to avoid energy wastage.

Due to the nature of the industry, the Group did not consume any packaging material. Therefore, the relevant key performance indicators were not applicable.

The Group is committed to efficiently consume resources during production. The Group's total resources consumption is listed in the below tables.

	Electricity	Water	Paper
Consumption	50,133 kWh	1,237m^3	199 kg
Consumption intensity (per employee)	308 kWh	7.6m^3	1.2 kg

Environmental and Natural Resources

To spur continuous improvement in environmental management practices, we have also established control measures for noise, waste generation and waste disposal.

Noise Control

According to the Environmental Impact Assessment Ordinance, Cap. 499, the noise standards for daytime construction activities should be 75 decibels for all domestic premises and 70 decibels for educational institutions. Due to increasingly stringent regulations, noise control has been a primary concern for us ever since our establishment. To meet this challenge, we strive to erect noise source screening structures as early as possible during project planning stage and use portable noise barriers for noisy stationary and mobile plants.

Waste Disposal Management

With the enactment of the Construction Waste Disposal Charging Scheme through the Waste Disposal Ordinance, Cap. 354, we have opened billing accounts with the EPD for repayment of service charges. We are committed to disposing only at legitimate disposal facilities, or through licensed collectors to collect and dispose of our wastes. Reusable materials are encouraged to be applied at site to reduce material consumption such as woods.

Environmental protection policies and plans have been set up for different projects. In effort to identify and resolve any non-compliance as soon as possible, we conduct periodic construction works inspections at sites with high environmental risks, covering dust control, and disposal of sewage and construction waste. The Group also provides experienced personnel with adequate training to ensure strict implementation of such measures.

Emissions discharged by the Group in the course of operation was primarily carbon dioxide, and non-hazardous waste produced was construction waste. Since all the construction waste we produced at site are handled by our main contractor, the relevant key performance indicator was not applicable to the Group.

Due to the nature of the industry, the Group seldom produces hazardous waste. Therefore, the relevant key performance indicator was not applicable to the Group. For the year ended 31 March 2019, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and onto the land, or generation of hazardous and non-hazardous waste.

Employment and Labour Practices

Employment System

We believe that staff team is the most valuable asset and the foundation for the development of the Group. In this regard, the Group aims to provide an attractive remuneration package, and fair and inclusive working environment to safeguard the legitimate rights and interests of employees. A Staff Handbook is in place to ensure that all employees are aware of the goals, policies and procedures of the Group as well as their responsibilities.

Through establishing a comprehensive employment management system, the Group abides strictly to the Employment Ordinance, Cap. 57, Laws of Hong Kong. According to the Immigration Ordinance, Cap. 115 and the Construction Workers Registration Ordinance, Cap. 583, a construction site controller should take all practicable steps to prevent illegal workers who are not lawfully employable from taking employment on site and is required to employ only registered construction workers to personally carry out construction work on construction sites. Prior to employing construction workers, the Group will carefully check their identity and registration to ensure there are no instances of child and forced labour in the Group and in compliance with the aforesaid regulations.

In addition, we recognise the importance of a fair and harmonious working environment and adhere to the principle of equal opportunities. From recruitment to promotion, the Group adheres to non-discrimination employment policies, include but not limited to the Sex Discrimination Ordinance, Race Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance, and prohibits the employment of forced or child labour.

As at 31 March 2019, the Group had approximately 163 employees, including back office and site staff. All our staff members are located in Hong Kong.

	No. of staff
Total number of employees	163
Gender	
Male	144
Female	19
Age Group	
18-30	19
31-40	20
41-50	38
51 to 60	60
61 or above	26
Service period	
Less than 5 years	101
5 to 10 years	32
Over 10 years	30

In view of the high labour mobility of the construction industry, and the fact that most of the employees in the industry are temporary employees, whose employment is on a day-to-day basis or for a fixed period of less than 60 days. Hence, those temporary employees who joined and left within the year were not constituted in our annual turnover rate calculation.

Employee Well-Being

To accommodate our continuously growing business scale, we recruit talent from different cultures and backgrounds for our team. We also provide vast opportunities of career development for our employees, strive to match employees' personal career planning with the business development goals through talent training system, effective incentive mechanism and fair competition platform, so that mutual benefits for employees and the Group can be achieved. The construction industry has been continuously suffering from manpower shortage for years. Accordingly, we always place emphasis on attracting qualified applicants to meet future challenges by offering competitive remuneration packages. These packages are reviewed based on employees' performance and reference to prevailing market conditions, and are adjusted in a timely manner to keep them in line with sector benchmarking. Through management meetings and performance assessment, we maintain regular communication with our employees. In daily operations, employees at all levels are encouraged to share their perceptions of the Group with the management. Simultaneously, employees are also encouraged to discuss their targets in job advancement and career development with their senior management. In the hope of promoting a healthy lifestyle and work-life balance within the Group, we periodically organise a series of family-friendly recreational activities for employees to reward them, which helps fostering harmonious employment relations.

For the year ended 31 March 2019, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to employment and labour standards.

Employee Health and Safety

Owing to our business nature, numbers of our employees are often involved in high-risk work procedures. Hence, we always place great emphasis on taking care of the safety and health at work of all persons and endeavour to provide our employees and subcontractors with a safe and health working environment. To safeguard employees' health and safety, we are fully committed to complying with the Occupational Safety and Health Ordinance, Cap. 509, the Employees' Compensation Ordinance, Cap. 282, and the Factories and Industrial Undertakings Ordinance, Cap. 59, Laws of Hong Kong.

Our operations adhere to our occupational health and safety policy to identify, assess, control and monitor safety risks. Our standardises safety requirements and procedures across the Group's operating activities, and it is supplemented with instructions for our employees. Safety measures include without limitation provision of adequate personal protection equipment such as safety helmets, ear plugs, dust masks and safety shoes, arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances, and emergency procedures for foreseeable emergencies.

According to the Employment Compensation Ordinance, Cap. 282, Laws of Hong Kong, we strictly implement the injury reporting procedure to report and submit Form 2 to the Labour Department within the prescribed period.

In addition, the Group carries out various forms of intensive safety inspection, such as regular inspections, inspections at high-risk construction sites and inspections of high-risk work procedures. In the course of inspections, on-site foremen and site supervisors cooperate with safety officers to ensure any breaches or unsafe conditions are rectified promptly.

Work Injury Statistics

Number of work-related fatalities	Nil
Number of reported injuries	9

For the year ended 31 March 2019, the Group has not found any health and safety irregularities at its offices and construction sites, and there were no work-related fatalities.

Development and Training

We believe training is an important means of talent cultivation for us, and it seeks to build a team with expertise, professional skills and strong executive capability. To encourage our employees to undertake lifelong training, we provide periodic training and development programs that add value for employees at all working levels. To continuously attract new talent, we also provide enhanced training program and education subsidies, to encourage our employees to undertake continuous learning and broaden their knowledge.

Through our employee training system, our employees participated in internal and external training courses, including those concerned with construction safety and environmental management, professional skills operation training and emergency awareness. In future, the Group will invest further resources to provide employees with more comprehensive training programs, with the aim of enriching personal and professional development.

Operation Management

Supply Chain Management

The quality of the services the Group provides, and the quality of the infrastructure it builds are dependent on the reliability and quality of products and services delivered by suppliers. In addition to stringent internal controls and regular assessment, the Group maintains high standards for all aspects of operations and works with partners to build a sustainable supply chain.

It is the Group's objective to build lasting and constructive relationships with partners in its supply chain. Procedures for supplier evaluation and management mechanism are formulated to ensure fairness and transparency. For the selection of our suppliers, quality, lead time and after-sales service capability are our major consideration. Certainly, we also consider whether our suppliers follow the environmental standards from the Environmental Protection Department. Suppliers who with unsatisfied performance may subject to removal from our pre-approved list of suppliers.

We aim to deepen relationships with our suppliers and subcontractors, we maintain regular communication with them, sharing knowledge and experience of good industry practice, and adopting it in our operations. In our daily operations, we tend to procure from local suppliers so as to reduce our carbon footprint and transportation costs. During the reporting period, a hundred percent of our suppliers are located in Hong Kong.

Product Responsibility

Attaching great importance to quality improvement, the Group strictly followed legal and industry standards and promotes the ultimate accountability on projects. From the commencement to completion of projects, stringent quality assurance and control procedures are applied during material procurement, material testing, construction works processing. Our experienced staff monitor and control quality, time and cost to help ensure effective project planning, design and construction from inception to completion.

The Group recognises the importance of data privacy and it is dealt seriously across the Group. To ensure information security, the Group has established guidelines for handling confidential or special information provided by customers, employees and business associates. All collected customer data are treated as strictly confidential and handled with due care.

For the year ended 31 March 2019, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to the Personal Data (Privacy) Ordinance.

Anti-Corruption

The Group regards integrity and fairness as the foundation of CSR. We are committed to operating as a responsible business by uphold high ethical standards and conducting business in an honest and ethical way with integrity. The Group strictly abides by the anti-bribery relevant laws and regulations and prohibits all behaviours that may be suspected of corruption and bribery. Employees are familiarised with our stringent anti-corruption principles through on-the-job training or verbal communications. Standardised rules and guidelines in handling a range of situations such as gifts-givings, entertainment and financial management are specified in our Staff Handbook.

For instance, employees are prohibited from accepting or offering gifts or services from or to our customers, suppliers or any person who has business dealings of any kind with the Group. Falsifying documents and furnishing false accounting records, receipts or invoices are also strictly prohibited.

The Group encourages employees to confidentially report any integrity-related issues through whistleblowing channels.

For the year ended 31 March 2019, the Group did not receive any notice of non-compliance brought against the Group or its employees in relation to anti-corruption laws and regulations, such as the Prevention of Bribery Ordinance, Cap. 201, the Theft Ordinance, Cap. 210 and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 Laws of Hong Kong.

Caring for the Community

The Group always takes the interests of the communities where it operates into account, and regards contributing to community well-being as an important way realising such values. In order to be a more responsible business and create a better living environment for the local community, we are also committed to continuously providing sponsorships and donations to various charitable organisations.

During the year, the Group has made donations to sponsor charity events such as Lifewire Run and Anchor Run to support youth development and children with medical needs.

DIRECTORS' REPORT

The Directors hereby present their report and the audited consolidated financial statements for the Reporting Period.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015.

The Company completed the corporate reorganisation (the "Reorganisation") on 22 February 2016 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group.

The Shares were listed on GEM of the Stock Exchange on 12 April 2016 by way of placing.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of civil engineering works. The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 14 to the consolidated financial statements of this report. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

BUSINESS REVIEW

Detailed business review, financial key performance indicators and likely future development are set out in the section of "Management Discussion and Analysis" in this report. A discussion of the principal risks and uncertainties, environmental policies of the Group, compliance with laws and regulations by the Group are illustrated in this Directors' report.

PRINCIPAL RISK AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group:

(i) A significant portion of our revenue was derived from a small number of customers. Our five largest customers' revenue contribution for the Reporting Period was 96.6% (31 March 2018: 99.4%) of our total revenue, while our largest customer accounted for approximately 60.9% during the Reporting Period (31 March 2018: 83.6%). There is no assurance that we will be able to retain our customers upon expiry of the contract period and to obtain suitable projects of a comparable size and quantity as replacement, failing to do so will have an material impact on our financial conditions and operating results;

(ii) Error or inaccurate estimation of project duration and costs when determining the tender price or increase in construction costs may adversely affect the Group's profitability or result in substantial loss;

(iii) If net cash outflows to pay certain operating expenditures do not align with progress payments to be received at any particular period of time, our cash flow position may be adversely affected;

(iv) The Group's success is attributable to the contribution of, among others, our senior management personnel and in-house professional. The Group relies on the professional knowledge, experience and expertise of our senior management and in-house professional to facilitate the formulation of competitive tenders and in deciding the best suitable construction methodology in order to carry out our project works in an efficient manner while being able to meet customers' demand. Fail to hire in a timely manner and to retain suitable, skilled and qualified senior management personnel and in-house professional to meet our construction needs could adversely impact our business, results of operation and profitability of the Group; and

(v) The Group's operations are conducted outdoors and are affected by weather conditions. If we have to halt operations during inclement weather conditions or a natural disaster, we may continue to incur operating expenses while we experience reduced revenues and profitability, our revenue, costs, financial conditions and growth potentials will be adversely affected.

ENVIRONMENTAL POLICY

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

We had ceased our ISO 14001:2004 certificate on 18 August 2017. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on among others, air pollution, noise control and waste disposal.

During the Reporting Period, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

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

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income on page 48 of this report.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2018: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the consolidated financial statements of this report.

SHARE CAPITAL

Movements of the share capital of the Company during the Reporting Period are set out in note 26 to the consolidated financial statements of this report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2019, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK$20,060,000.

EQUITY-LINKED AGREEMENTS

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

SHARE OPTION SCHEME

The Share Option Scheme of the Company has been adopted by way of shareholder's written resolution passed on 24 March 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the 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 in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or INEDs or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, INEDs, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the 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 Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i. e 24 March 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 March 2019.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this report.

KEY RELATIONSHIPS

Employees

The Group recognises employees as our valuable assets. We provide competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

Customers

A majority of our five largest customers have long-standing business relationship with us for over ten years and we will therefore endeavor to accommodate their demands for our services to the extent our resources allow in order to capture more opportunities for larger scale projects in the future. The Group's experience as a quality subcontractor in handling civil engineering projects also give business advantage to our customers to ensure projects are executive in accordance with their quality standard.

Suppliers and subcontractors

The Group encompasses working relationships with suppliers and subcontractors to meet our Customers' needs in an effective and efficient manner. The Group has set up an approved list of suppliers and we select our suppliers from the list based on their prices, quality, past performances and timeliness of delivery.

Subject to our capacity, resources level, types of civil engineering works, cost effectiveness, complexity of the projects and customers' requirement, we may subcontract our works to other subcontractors. We maintain an internal list of approved subcontractors and carefully evaluate the performance of our subcontractors and select them based on their background, technical capability, experience, fee quotation, service quality, labour resources, timeliness of delivery, reputation and safety performance.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

For the Reporting Period, our largest customer accounted for approximately 60.9% (2018: 83.6%) of our total revenue, while the percentage of our total revenue attributable to our five largest customers in aggregate was approximately 96.6% (2018: 99.4%).

For the Reporting Period, our largest supplier accounted for approximately 10.8% (2018: 47.1%) of our total purchases incurred (excluding subcontracting charges incurred), while the percentage of our total purchases incurred (excluding subcontracting charges incurred) attributable to our five largest suppliers in aggregate was approximately 34.0% (2018: 68.7%).

For the Reporting Period, our largest subcontractor amounted to approximately 19.2% (2018: 58.5%) of our total subcontracting charges incurred, while the percentage of our subcontracting charges incurred attributable to our five largest subcontractors in aggregate was approximately 45.9% (2018: 73.0%).

None of the Directors, their close associates, or any Shareholders who or which, to the knowledge of the Directors, owned more than 5% of the issued Shares have any interest in any of the five largest customers, suppliers and subcontractors during the year ended 31 March 2019.

DIRECTORS

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

Executive Directors
Mr. So Kwok Hung *(Chairman)*
Ms. Yu Xiao
Mr. Wong Che Kwo (Resigned on 21 May 2018) (note (i))
Mr. Wong Wing Wah (Resigned on 17 April 2018) (note (i))
Mr. Chiu Chi Wang (Resigned on 17 April 2018) (note (i))

INEDs
Mr. Wong Chi Kan
Mr. Tai Hin Henry
Mr. Liao HongHao

Note:

(i) They resigned as executive directors of the Company as they wish to devote more time to their other business commitment and they do not have any disagreement with the Group.

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

Information regarding Directors' emoluments is set out in note 10(a) to the consolidated financial statements of this report.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and until terminated by either the Company or the Director giving to the other not less than three months' notice in writing in accordance with the terms of the agreement. Each INEDs was appointed under a letter of appointment for a fixed term of three years initially commencing from the Listing Date shall terminate on whenever is the earlier of (i) the date of expiry of the period; (ii) ceasing to be a director for any reason pursuant to the Articles of Association of the Company or any other applicable law; or (iii) either party giving at least one month's notice in writing.

None of the Directors proposed for election at the forthcoming AGM has or is proposed to have a service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

INDEMNITY OF DIRECTORS

Starting from 25 April 2016, the Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force.

DIRECTORS' INTERESTS IN CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTEREST

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

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

EMOLUMENT POLICY

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

COMPETING INTERESTS

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

DEED OF NON-COMPETITION

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

The Company has received an annual declaration from each of the then Controlling Shareholders confirming that he/she/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition during the Reporting Period. The INEDs have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied for the Reporting Period.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2019, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' Interest and Short Positions in Shares And Underlying Shares

As at 31 March 2019, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company), had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Blooming Union Investments Limited ("Blooming Union")	Beneficial owner	327,030,000	26.20%
Wong Che Kwo	Interest in a controlled corporation (Note 1)	327,030,000	26.20%
Law Oi Ling	Interest of spouse (Note 2)	327,030,000	26.20%
Wong Wing Wah	Interest in a controlled corporation (Note 1)	327,030,000	26.20%
Lai Siu Kuen	Interest of spouse (Note 3)	327,030,000	26.20%

Note:

1. Blooming Union is owed as to 50% and 50% by each of Mr. Wong Che Kwo and Mr. Wong Wing Wah respectively. Mr. Wong Che Kwo and Mr. Wong Wing Wah is deemed to be interested in the Shares held by Blooming Union pursuant to the SFO.

2. Ms. Law Oi Ling, the spouse of Mr. Wong Che Kwo, is deemed, or taken to be, interested in all Shares in which Mr. Wong Che Kwo is interested for the purpose of the SFO.

3. Ms. Lai Siu Kuen, the spouse of Mr. Wong Wing Wah, is deemed, or taken to be, interested in all Shares in which Mr. Wong Wing Wah is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed TC Capital International Limited as our compliance adviser, which will provide advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 31 March 2016, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Group are set out in note 33 to the consolidated financial statements to this report.

The related party transactions do not constitute connected transactions of the Company for the Reporting Period. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 13 to 25 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% as required under the GEM Listing Rules as at the date of this report.

DONATIONS

During the Reporting Period, the Group has made charitable and other donations of HK$8,000 (2018: HK$180,000).

AUDITORS

The consolidated financial statements for the year ended 31 March 2018 have been audited by Grant Thornton Hong Kong Limited ("Grant Thornton"). Grant Thornton has resigned as auditors of the Company with effect from 10 April 2019. Elite Partners CPA Limited ("Elite Partners") was appointed as the new auditors of the Company with effect from 10 April 2019.

The consolidated financial statements for the Reporting Period have been audited by Elite Partners. Elite Partners shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment as auditors of the Company will be proposed at the forthcoming AGM.

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 in existence during the Reporting Period.

PRE-EMPTIVE RIGHTS

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2019 and up to the date of this report.

On behalf of the Board
Luen Wong Group Holdings Limited
So Kwok Hung
Chairman and Executive Director

Hong Kong, 21 June 2019

INDEPENDENT AUDITOR'S REPORT

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

To the members of Luen Wong Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Luen Wong Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 48 to 119, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (Continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Recognition of construction works</td></tr>
<tr><td>The Group recorded revenue from construction contracts of approximately HK$432,842,000 for the year ended 31 March 2019.

Contract revenue is recognised over time using the output method, based on direct measurements of the value of services delivered or work performed, which is established by reference to the construction works certified by the customers. Contract costs are recognised when work is performed.

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

We identified contract revenue and costs as a key audit matter because the estimation of the total revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.</td><td>Our audit procedures to assess the recognition of construction work included the following:

• discussing with the Group's management the performance of the major contracts in progress during the year and challenging the key estimates and assumptions adopted in the forecast of contract revenue and contract costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and their assessment of potential liquidated damages for contracts which are behind schedule, by obtaining and assessing information in connection with the assumptions adopted, including contract agreements and subcontracts, confirmations from and correspondence with customers regarding contract variations and claims and by considering historical outcomes for similar contracts;

• obtaining a detailed breakdown of the total estimated costs to completion for major contracts in progress during the year and comparing, on a sample basis, actual costs incurred to-date and cost estimates to agreements, certifications or correspondence with subcontractors and suppliers and other documentation referred to by management in its assessment of the estimated costs to completion;

• performing site visits, on a sample basis, to observe the progress of individual contract and discussing with site personnel the status of each project and evaluating whether the project progress was consistent with the agreed timetable and the Group's financial accounting records; and

• inspecting a sample of contract agreements with customers and subcontractors to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of work, liquidated damages and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and costs to complete under the forecasts of contract.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the annual report of the Company, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements 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.

INDEPENDENT AUDITOR'S REPORT

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

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.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Man Kin.

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

21 June 2019

Leung Man Kin
Practising Certificate No.: P07174

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 *HK$'000*	2018 *HK$'000*
Revenue	5	**432,842**	708,595
Cost of sales		**(431,697)**	(690,815)
Gross profit		**1,145**	17,780
Other income	7	**11,774**	273
Administrative and other operating expenses		**(19,469)**	(20,483)
Loss from operations		**(6,550)**	(2,430)
Finance costs	8(a)	**(18)**	(243)
Loss before taxation	8	**(6,568)**	(2,673)
Income tax – credit/(expense)	9	**520**	(219)
Loss for the year		**(6,048)**	(2,892)
Other comprehensive loss			
Item that will be reclassified subsequently to the profit or loss:			
Change in fair value of available-for-sale financial asset		**–**	9
Total comprehensive loss for the year attributable to equity holders of the Company		**(6,048)**	(2,883)
		HK cents	*HK cents*
Loss per share attributable to equity holders of the Company			
Basic and diluted	12	**(0.48)**	(0.23)

The notes on pages 53 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**33,760**	37,941
Other financial assets	15	**3,201**	3,129
		36,961	41,070
Current assets			
Amount due from customers for contract work	16	**–**	35,874
Contract assets	17	**54,073**	–
Trade and other receivables	18	**127,248**	127,175
Amount due from a director	19	**–**	462
Financial assets at fair value through profit or loss	20	**23,391**	39,816
Tax recoverable		**30**	4,722
Cash and cash equivalents	21	**21,278**	99,196
		226,020	307,245
Current liabilities			
Trade and other payables	22	**42,760**	85,151
Amount due to customers for contract work	16	**–**	22,224
Contract liabilities	17	**71**	–
Amount due to a shareholder	23	**132,888**	132,888
Obligations under finance leases	24	**235**	138
		175,954	240,401
Net current assets		**50,066**	66,844
Total assets less current liabilities		**87,027**	107,914
Non-current liabilities			
Obligations under finance leases	24	**656**	–
Deferred tax liabilities	25	**3,912**	4,436
		4,568	4,436
Net assets		**82,459**	103,478
CAPITAL AND RESERVES			
Share capital	26	**12,480**	12,480
Reserves	27	**69,979**	90,998
Total equity attributable to equity holders of the Company		**82,459**	103,478

So Kwok Hung
Director

Yu Xiao
Director

The notes on pages 53 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Total equity attributable to equity holders of the Company						
	Share capital *HK$'000* (note 26)	Share premium* *HK$'000* (note 27)	Revaluation reserve* *HK$'000* (note 27)	Other reserve* *HK$'000* (note 27)	Capital reserve* *HK$'000* (note 27)	Retained earnings* *HK$'000* (note 27)	Total equity *HK$'000*
Balance as at 1 April 2017	12,480	36,672	(435)	10,400	3,820	43,424	106,361
Loss for the year	–	–	–	–	–	(2,892)	(2,892)
Other comprehensive income:							
Change in fair value of available-for-sale financial asset	–	–	9	–	–	–	9
Total comprehensive loss	–	–	9	–	–	(2,892)	(2,883)
Balance as at 31 March 2018	12,480	36,672	(426)	10,400	3,820	40,532	103,478
Impact on initial application of HKFRS 15	–	–	–	–	–	(14,444)	(14,444)
Impact on initial application of HKFRS 9	–	–	426	–	–	(953)	(527)
Adjusted balance of 1 April 2019	12,480	36,672	–	10,400	3,820	25,135	88,507
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(6,048)**	**(6,048)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(6,048)**	**(6,048)**
Balance as at 31 March 2019	**12,480**	**36,672**	**-**	**10,400**	**3,820**	**19,087**	**82,459**

* The reserve accounts comprise the Group's reserves of HK$69,979,000 (2018: HK$90,998,000) in the consolidated statement of financial position.

The notes on pages 53 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
Cash flows from operating activities		
Loss before taxation	**(6,568)**	(2,673)
Adjustments for:		
Depreciation	**6,161**	6,349
Gain on disposal of property, plant and equipment, net	**(13)**	(252)
Fair value change on financial asset at fair value through profit or loss	**10,127**	966
Gain on disposal of financial asset at fair value through profit or loss	**(19,185)**	(428)
Finance costs	**18**	243
Policy charges of a life insurance policy	**–**	32
Reversal of impairment on trade receivables	**(201)**	–
Reversal of impairment on contract assets	**(12)**	–
Dividend income	**(32)**	–
Interest income	**(5)**	(133)
	(9,710)	4,104
Changes in working capital		
Increase in trade and other receivables	**(42,284)**	(6,334)
Increase in amounts due from customers for contract work	**–**	(9,320)
Decrease/(Increase) in amount due from a director	**462**	(462)
Decrease/(Increase) in trade and other payables	**(42,391)**	9,270
Increase in amounts due to customers for contract work	**–**	5,855
Increase in contract assets	**(10,756)**	–
Decrease in contract liabilities	**(2,143)**	–
Decrease/(Increase) in financial asset at fair value through profit or loss	**25,411**	(40,354)
Cash used in operating activities	**(81,411)**	(37,241)
Income taxes refunded/(paid)	**4,688**	(6,361)
Net cash used in operating activities	**(76,723)**	(43,602)
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	**180**	863
Payment for purchases of property, plant and equipment	**(1,161)**	(7,344)
Decrease/(Increase) in pledged bank deposit	**–**	1,300
Interest received	**5**	1
Dividend received	**32**	–
Net cash used in investing activities	**(944)**	(5,180)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Cash flows from financing activities			
Advance from a shareholder		**–**	132,888
Interest paid		**–**	(196)
Interest element of finance leases		**(18)**	(47)
Repayments of bank loans		**–**	(4,667)
Repayments of capital element of finance leases		**(233)**	(1,656)
Net cash (used in)/generated from financing activities		**(251)**	126,322
Net (decrease)/increase in cash and cash equivalents		**(77,918)**	77,540
Cash and cash equivalents at the beginning of the year		**99,196**	21,656
Cash and cash equivalents at the end of the year	21	**21,278**	99,196

The notes on pages 53 to 119 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Luen Wong Group Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015. The addresses of the Company's registered office and principal place of business are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 703A, 7/F, Gee Tuck Building, 16-20 Bonham Strand, Sheung Wan, Hong Kong respectively.

The Company is an investment holding company, and its subsidiaries (together, the "Group") are principally engaged in the provision of civil engineering works and investment holding.

The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016.

The consolidated financial statements for the year ended 31 March 2019 were approved for issue by the board of directors on 21 June 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 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 financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2019 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except investments in debt and equity securities are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. 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. When assessing whether the group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2.4).

2.4 Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(f). These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from 1 April 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2.16(ii)).

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment 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 expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Other investments in debt and equity securities (Continued)

(A) Policy applicable from 1 April 2018 (Continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2.16(iii).

(B) Policy applicable prior to 1 April 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 2.8 – policy applicable prior to 1 January 2018).

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in notes 2.16(iii) and 2.16(ii), respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognized or impaired (see note 2.8 – policy applicable prior to 1 January 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is provided to write-off the cost less their residual values over their estimated useful lives, using the straight-line method, at the rates per annum as follows:

Land and building	5%
Furniture and equipment	10%
Site equipment	10%
Motor vehicles	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i. Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

ii. Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to the profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

iii. Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to the profit or loss in the accounting period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

(A) Policy applicable from 1 April 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates); and

– contract assets as defined in HKFRS 15 (see note 2.9).

Financial assets measured at fair value, including equity securities measured at FVPL, and derivative financial assets are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables* (Continued)

(A) Policy applicable from 1 April 2018 (Continued)

Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 April 2018 (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

– failure to make payments of principal or interest on their contractually due dates;

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

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

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 April 2018 (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2.15(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 April 2018 (Continued)

Basis of calculation of interest income (Continued)

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables* (Continued)

(B) Policy applicable prior to 1 April 2018 (Continued)

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

– For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables* (Continued)

(B) Policy applicable prior to 1 April 2018 (Continued)

– For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities were not reversed through profit or loss. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

Impairment losses recognised in profit or loss in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in profit or loss.

(ii) *Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Credit losses and impairment of assets (Continued)

(ii) *Impairment of other non-current assets* (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or Group of units) and then, to reduce the carrying amount of the other assets in the unit (or Group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2.8(i).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Contract assets and contract liabilities

Policy applicable after 1 April 2018

A contract asset is recognised when the Group recognises revenue (see note 2.12) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.8(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.10).

A contract liability is recognised when a customer pays consideration before the Group recognises the related revenue (see note 2.16). 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 (see note 2.10). 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 a contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.16).

Policy applicable before 1 April 2018

In the comparative period, contract balances were recorded for construction contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented as the "Amount due from customers for contract work" (as an asset) or the "Amount due to customers for contract work" (as a liability) on a contract-by-contract basis. Progress billings not yet paid by the customer were included under "Trade and other receivable". Amounts received before the related work was performed were presented as "receipts-in-advance" under "trade and other payables". These balances have been reclassified on 1 April 2018 as shown in note 16 (see note 3).

2.10 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 (see note 2.9).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2.8).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdraft which is repayable on demand and form an integral part of the Group's cash management.

2.12 Trade and other payables

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

2.13 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates defined contribution retirement benefit plans for its employees, the assets of which are held separately from those of the Group in independently administered funds. The Group's contributions are made based on specified percentages of the employees' basic salaries.

The Group's contributions under the plans are recognised as an expense in the profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Provisions and contingent liabilities

(i) Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

2.16 Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of goods or services in the ordinary course of the Group's business.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue and other income (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognized progressively over time using the output method, i.e. based on direct measurements of the value to the customer of goods or services transferred to date. The value to the customer of goods or services is established according to the progress certificate (by reference to the amount of completed works confirmed by customer) issued by the customer.

The likelihood of contract variance, claims and liquidated damages are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2.15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue and other income (Continued)

(i) *Construction contracts* (Continued)

Revenue for construction contracts was recognised on a similar basis in the comparative period under HKAS 11.

(ii) *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. 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 (see note 2.8(i)).

(iii) *Dividend income*

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2.17 Foreign currency translation

Foreign currency transactions during the year are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are retranslated using the foreign exchange rates ruling at the dates the fair value was measured. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

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

(ii) has significant influence over the Group; or

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

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

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

(iii) the entity and the Group are joint ventures of the same third party.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Related parties (Continued)

(b) (Continued)

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

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

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

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.19 Segment reporting

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

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

3. CHANGES IN ACCOUNTING POLICIES (Continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Details of the changes in accounting policies are discussed in note 3(i) for HKFRS 9 and note 3(ii) for HKFRS 15.

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves at 1 April 2018.

	HK$'000
Retained earnings	
Transferred from revaluation reserve relating to financial assets now measured at FVPL	(426)
Recognition of additional expected credit loss on	
– trade receivables	(316)
– contract assets	(211)
Net decrease in retained earnings at 1 April 2018	(953)
Revaluation reserve	
Transferred to retained earnings relating to financial assets now measured at FVPL	426

Note:

No current/deferred taxation has been recognised on the effect of additional expected credit loss as the Group sustained tax losses and the realisation of the related tax loss through future taxable profits is not probable.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(i) HKFRS 9, Financial instruments (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at amortised cost				
Trade and other receivables (note (i))	127,715	(42,096)	(316)	85,303
Financial assets carried at FVPL				
Life insurance policy (note (ii))	–	3,129	–	3,129
Trading securities (note (iii))	39,816	–	–	39,816
Financial assets classified as available-for-sale under HKAS 39 (notes (ii),(iii))	3,129	(3,129)	–	–

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(i) HKFRS 9, Financial instruments (Continued)

a. *Classification of financial assets and financial liabilities* (Continued)

Notes:

(i) Trade and other receivables of HK$42,096,000 were reclassified to contract assets at 1 April 2018 as a result of the initial application of HKFRS 15.

(ii) Under HKAS 39, life insurance policy was classified as available-for-sale financial assets. They are classified as at FVPL under HKFRS 9.

(iii) Trading securities were classified as financial assets at FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in notes 2.4, 2.8(i), 2.10 and 2.11.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– contract assets as defined in HKFRS 15 (see note 2.8);

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(i) HKFRS 9, Financial instruments (Continued)

b. *Credit losses* (Continued)

For further details on the Group's accounting policy for accounting for credit losses, see note 2.9(i).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	HK$'000
Loss allowance at 31 March 2018 under HKAS 39	–
Additional credit loss recognised at 1 April 2018 on:	
– Trade receivables	316
– Contract assets recognised on adoption of HKFRS 15	211
Loss allowance at 1 April 2018 under HKFRS 9	527

c. *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group); and

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018:

	HK$'000
Retained earnings	
Change in timing of contract costs recognition for construction contracts	**(14,444)**
Net decrease in retained earnings at 1 April 2018	**(14,444)**

Note:

No current/deferred taxation has been recognised on the effect of change in timing of contract costs recognition for construction contracts as the Group sustained tax losses and the realisation of the related tax loss through future taxable profits is not probable.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from construction contracts was recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) HKFRS 15, *Revenue from contracts with customers* (Continued)

a. *Timing of revenue recognition* (Continued)

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Under HKFRS 15, contract revenue recognised over time continues to be applied based on the progress certificates issued by the customers. This core principle is same as the method in measuring the stage of completion under HKAS 11. As a result, there is no change in the method in measuring the stage of completion under HKAS 11 as compared with output method (see note 2.16(i)) under HKFRS 15.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts (see note 2.16).

b. *Timing of recognition of contract costs*

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred (i) relate directly to a contract or an anticipated contract that can be specifically identified; (ii) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (iii) are expected to be recovered. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Previously, contract costs of the Group are recognised by reference to the stage of completion of the contract, which was measured by reference to the percentage of the estimated total revenue for the contracts entered into by the Group that have been performed to date. Under HKFRS 15, contract costs that related to satisfy performance obligations are expensed as incurred.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) HKFRS 15, *Revenue from contracts with customers* (Continued)

c. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue (see note 2.16) before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. 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 (see note 2.9).

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "Amount due from customers for contract work" or "Amount due to customers for contract work" respectively.

Receivables for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion for retention period were presented in the statement of financial position as "Retentions monies receivable" under "Trade and other receivables".

To reflect these changes in presentation, the Group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

(i) "Amount due from customers for contract work" and "Retention monies receivable" amounting to HK$35,874,000 and HK$42,096,000 respectively, which were previously included in amount due from customers for contract work (note 16) and trade and other receivables (note 18) are now included under contract assets (note 17(a)); and

(ii) "Amount due to customers for contract work", amounting to HK$22,224,000, which were previously included in amount due to customers for contract work (note 16) is now included under contract liabilities (note 17(b)).

(iii) As explained above, adjustments to opening balances have been made to decrease contract assets by HK$34,454,000 and decrease contract liabilities by HK$20,010,000.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) HKFRS 15, *Revenue from contracts with customers* (Continued)

d. Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2019 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) *HK$'000*	Hypothetical amounts under HKASs 18 and 11 (B) *HK$'000*	Difference: Estimated impact of adoption of HKFRS 15 on 2019 (A)-(B) *HK$'000*
Line items in the consolidated statement of profit or loss for year ended 31 March 2019 impacted by the adoption of HKFRS 15:			
Cost of sales	**(431,697)**	**(428,563)**	**(3,134)**
Gross profit	**1,145**	**4,279**	**(3,134)**
Loss from operations	**(6,550)**	**(3,416)**	**(3,134)**
Loss before taxation	**(6,568)**	**(3,434)**	**(3,134)**
Loss for the year	**(6,048)**	**(2,914)**	**(3,134)**
Loss attributable to equity holders of the Company	**(6,048)**	**(2,914)**	**(3,134)**
Loss per share (HK cents)			
Basic and diluted	**(0.48)**	**(0.23)**	**(0.25)**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) HKFRS 15, *Revenue from contracts with customers* (Continued)

d. *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018* (Continued)

	Amounts reported in accordance with HKFRS 15 (A) *HK$'000*	Hypothetical amounts under HKASs 18 and 11 (B) *HK$'000*	Difference: Estimated impact of adoption of HKFRS 15 on 2019 (A)-(B) *HK$'000*
Line items in the consolidated statement of financial position as at 31 March 2019 impacted by the adoption of HKFRS 15:			
Amount due from customers for contract works	–	43,619	(43,619)
Contract assets	54,073	–	54,073
Trade and other receivables	127,248	179,460	(52,212)
Total current assets	**226,020**	**267,778**	**(41,758)**
Contract liabilities	(71)	–	(71)
Amount due to customers for contract works	–	(24,251)	24,251
Total current liabilities	**(175,954)**	**(200,134)**	**24,180**
Net current assets	50,066	67,644	(17,578)
Total assets less current liabilities	87,027	104,605	(17,578)
Net assets	**82,459**	**100,037**	**(17,578)**
Revenues	(69,979)	(87,557)	17,578
Total equity attributable to equity holders of the Company	**(82,459)**	**(100,037)**	**17,578**
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 March 2019 impacted by the adoption of HKFRS 15:			
Loss before taxation	(6,568)	(3,434)	(3,134)
Increase in amount due from customers for contract work	–	(7,745)	7,745
Increase in trade and other receivables	(42,284)	(52,599)	10,315
Increase in contract assets	(10,756)	–	(10,756)
Increase in amount due to customers for contract work	–	2,027	(2,027)
Decrease in contract liabilities	(2,143)	–	(2,143)

The significant differences arise as a result of the changes in accounting policies described above.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements and estimates:

(a) Useful lives, residual values and depreciation of property, plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) Impairment of trade receivables and contract assets

The Group uses provision matrix to calculate ECLs for the trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECLs individually. The provision of ECLs is sensitive to changes in circumstances and forecast general economic conditions. The information about the ECLs and the Group's trade receivables and contract assets are disclosed in note 32(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, the actual loss allowance would be higher than estimated.

In the comparative period, the Group evaluated whether there was any objective evidence that trade receivables were impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group based on the estimates on the ageing of the trade receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(c) Construction contracts

As explained in policy Note 2.16, revenue from construction contracts are recognised over time using the output method. Such revenue and profit recognition on uncompleted projects is dependent on estimating the 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 it considered the work was sufficiency advanced such that the outcome of the contract can be reasonably measured. Until this point is reached and the related contract assets disclosed in Note 17 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or 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.

In the comparative period, revenue from construction contracts was also subject to such estimation uncertainty. In addition, the contract assets arising from construction contracts were included in amount due from customers for contract work and were disclosed in Note 17, rather than Note 16.

5. REVENUE

Revenue represents the consideration received and receivable from the provision of civil engineering works and provision of decoration and renovation works.

The Group's business are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); and (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development).

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$305,559,000. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 36 months.

6. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of civil engineering works. This operating segment has been identified on the basis of internal management reports reviewed by the CODM, being the executive directors of the Company. The CODM mainly reviews revenue derived from the provision of civil engineering works. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, other than the entity-wide disclosure, no segment analysis is presented.

(a) Geographical information

The Group's operations are located in Hong Kong and all the revenue of the Group were derived from Hong Kong customers. The Group's non-current assets are located in Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Customer 1	**263,612**	592,236
Customer 2	**84,467**	89,822

7. OTHER INCOME

	2019 ***HK$'000***	2018 *HK$'000*
Dividend income	**32**	–
Exchange gain	**–**	30
Fair value change on financial assets at fair value through profit & loss	**(10,127)**	(966)
Interest income	**5**	133
Gain on disposal of property, plant and equipment	**13**	252
Gain on disposal of financial assets at fair value through profit or loss	**19,185**	428
Reversal of impairment of trade receivables and contract assets	**213**	–
Sundry income	**2,453**	396
	11,774	273

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2019 HK$'000	2018 HK$'000
Finance charges on obligations under finance leases	18	47
Interests on bank loans and overdraft	–	196
	18	243

(b) Staff costs

	2019 HK$'000	2018 HK$'000
Salaries, wages and other benefits	85,194	84,451
Contributions to defined contribution retirement plan	2,955	2,886
	88,149	87,337

(c) Other items

	2019 HK$'000	2018 HK$'000
Auditor's remuneration		
– audit services	400	625
– non-audit services	–	150
Depreciation		
– own assets	6,046	6,140
– leased assets	115	209
Exchange difference, net	–	(30)
Fair value change on financial assets at fair value through profit or loss	10,127	966
Gain on disposal of property, plant and equipment	(13)	(252)
Gain on disposal of financial assets at fair value through profit or loss	(19,185)	(428)
Impairment losses on trade receivables and contract assets, net	1,803	–
Operating lease charges in respect of premises and office equipment	748	638
Site equipment rental costs (included in cost of sales)	38,039	48,296

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2019 *HK$'000*	2018 *HK$'000*
Current tax		
Hong Kong profits tax		
– Current year	**–**	–
– Under/(Over)-provision in respect of prior year	**4**	(36)
	4	(36)
Deferred tax		
– Current year (note 25)	**(524)**	255
Income tax – (credit)/expense	**(520)**	219

Notes:

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

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rate regime, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the year ended 31 March 2019, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the twotiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

For the year ended 31 March 2018, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's current and deferred tax position is not material.

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between income tax expense and accounting loss at applicable tax rate:

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation	**(6,568)**	(2,673)
National tax on loss before taxation calculated at the tax rates applicable to the loss in jurisdictions concerned	**(1,084)**	(441)
Tax effects on:		
– Non-taxable income	**(3,209)**	(10)
– Non-deductible expenses	**1,647**	10
– Tax losses not recognised	**2,122**	696
– Under/(Over)-provision in respect of prior year	**4**	(36)
Income tax – (credit)/expense	**(520)**	219

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the CO and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

		Other emoluments			
	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Year ended 31 March 2019					
Executive directors					
Mr. So Kwok Hung *(chairman)* (note a)	**180**	**–**	**–**	**–**	**180**
Mr. Wong Che Kwo (note e)	**–**	**240**	**–**	**3**	**243**
Mr. Wong Wing Wah (note d)	**–**	**120**	**–**	**2**	**122**
Ms. Yu Xiao (note f)	**180**	**–**	**–**	**–**	**180**
Mr. Chiu Chi Wang (note d)	**–**	**49**	**–**	**2**	**51**
Independent non-executive directors					
Mr. Wong Chi Kan	**120**	**–**	**–**	**–**	**120**
Mr. Tai Hin Henry	**120**	**–**	**–**	**–**	**120**
Mr. Liao Honghao (note c)	**102**	**–**	**–**	**–**	**102**
	702	**409**	**–**	**7**	**1,118**
Year ended 31 March 2018					
Executive directors					
Mr. Wong Che Kwo (note e)	–	1,440	6,000	18	7,458
Mr. Wong Wing Wah (note d)	–	1,440	4,000	18	5,458
Mr. Chiu Chi Wang (note d)	–	588	725	18	1,331
Mr. So Kwok Hung (note a)	68	–	–	–	68
Ms. Yu Xiao (note f)	68	–	–	–	68
Independent non-executive directors					
Mr. Wong Chi Kan	120	–	–	–	120
Mr. Liu Yan Chee James (note b)	81	–	–	–	81
Mr. Tai Hin Henry	120	–	–	–	120
Mr. Liao Honghao (note c)	8	–	–	–	8
	465	3,468	10,725	54	14,712

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

(a) Directors' emoluments (Continued)

Note:

(a) Appointed as executive director on 16 November 2017 and appointed as Chairman on 21 May 2018.

(b) Resigned as independent non-executive director on 4 December 2017.

(c) Appointed as independent non-executive director on 2 March 2018.

(d) Resigned as executive director on 17 April 2018.

(e) Resigned as executive director on 21 May 2018.

(f) Appointed as executive director on 16 November 2017.

No emoluments were paid by the Group to the directors or as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2018: HK$Nil). There were no directors have waived or agreed to waive any emoluments during the year (2018: HK$Nil).

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year did not include any directors as of 31 March 2019 (2018: three) whose emoluments are disclosed above. Details of the emoluments of the remaining five (2018: two) highest paid individuals are as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**5,265**	1,624
Discretionary bonuses	**2,233**	392
Contributions to defined contribution retirement plan	**90**	36
	7,588	2,052

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

(b) Five highest paid individuals (Continued)

The emoluments of the remaining five (2018: two) highest paid individuals are within the following bands:

	2019 Number of individuals	2018 Number of individuals
HK$Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$2,000,000 to HK$2,500,000	**2**	–
	5	2

11. DIVIDENDS

No dividend was declared or paid by the Company to its equity holders during the year (2018: HK$Nil).

12. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the following:

	2019 *HK$'000*	2018 *HK$'000*
Loss		
Loss for the year attributable to equity holders of the Company	**(6,048)**	(2,892)
Number of shares		
Weighted average number of ordinary shares (in thousands)	**1,248,000**	1,248,000

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 31 March 2019 represents 1,248,000,000 (2018: 1,248,000,000 shares) ordinary shares in issue throughout the year.

There were no dilutive potential ordinary shares during both years and therefore, diluted loss per share equals to basic loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Furniture and equipment HK$'000	Site equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST:					
At 1 April 2017	1,608	1,816	38,359	17,998	59,781
Additions	–	2	5,939	1,403	7,344
Disposals	–	–	(907)	(2,336)	(3,243)
As at 31 March 2018 and 1 April 2018	1,608	1,818	43,391	17,065	63,882
Additions	–	13	534	1,600	2,147
Disposals	–	–	(217)	(3,070)	(3,287)
As at 31 March 2019	**1,608**	**1,831**	**43,708**	**15,595**	**62,742**
ACCUMULATED DEPRECIATION:					
At 1 April 2017	806	687	8,952	11,779	22,224
Charge for the year	80	143	3,893	2,233	6,349
Written back on disposals	–	–	(689)	(1,943)	(2,632)
As at 31 March 2018 and 1 April 2018	886	830	12,156	12,069	25,941
Charge for the year	79	145	4,160	1,777	6,161
Written back on disposals	–	–	(189)	(2,931)	(3,120)
As at 31 March 2019	**965**	**975**	**16,127**	**10,915**	**28,982**
NET BOOK VALUE:					
As at 31 March 2019	**643**	**856**	**27,581**	**4,680**	**33,760**
As at 31 March 2018	722	988	31,235	4,996	37,941

As at 31 March 2019 and 2018, the Group's land and building was located in Hong Kong.

During the year ended 31 March 2019, an addition to a motor vehicle financed by new finance lease was approximately HK$986,000 (2018: Nil). At the end of the reporting period, the net book value of motor vehicle held under finance leases was approximately HK$871,000 (2018: HK$550,000).

14. INTERESTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2019 and 2018 are as follows:

Name of company	Place of incorporation and operation	Type of legal entity	Particulars of issued and paid up capital	Equity interest held by the Company	Principal activity
Super Pioneer Trading Limited ("Super Pioneer")	British Virgin Islands	Limited liability company	5 ordinary shares of US$1 each	100%# (2018: 100%#)	Investment holding
Luen Hing Construction & Eng. Limited ("Luen Hing")	Hong Kong	Limited liability company	9,280,000 ordinary shares	100% (2018: 100%)	Provision of civil engineering works
Hop Fung Construction & Engineering Company Limited ("Hop Fung")	Hong Kong	Limited liability company	4,940,000 ordinary shares	100% (2018: 100%)	Provision of civil engineering works
Mullen Building Limited ("Mullen")	Hong Kong	Limited liability company	10,000 ordinary shares	100%# (2018: 100%#)	Provision of decoration and renovation works

The issued capital of Super Pioneer and Mullen were held by the Company directly.

15. OTHER NON-CURRENT FINANCIAL ASSETS

	Notes	**31 March 2019 HK$'000**	1 April 2018 HK$'000	31 March 2018 HK$'000
Available-for-sale financial assets	(i)			
– Life insurance policy		**–**	–	3,129
Financial assets measured at FVPL	(i)			
– Life insurance policy		**3,201**	3,129	–

Note:

(i) Available-for-sale financial assets were reclassified to financial assets measured at FVPL upon the initial application of HKFRS 9 at 1 January 2018 (see note 3(i)).

15. OTHER NON-CURRENT FINANCIAL ASSETS (Continued)

In 2017, the Group entered into a life insurance policy with an insurance company to insure Mr. Wong Wing Wah (the "Insured"), a director of the Company. The total sum insured is US$968,000 (equivalent to approximately HK$7,522,000). The Group is the policy holder and the beneficiary of the policy. The Group has paid an one-off premium of US$468,000 (equivalent to approximately HK$3,636,000). The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of termination. The cash value is determined by the premium payment plus accumulated interest earned minus the accumulated insurance policy charges and any full or partial surrender charge ("Cash Value").

The insurance premium is charged by the insurance company at 6% on one-off premium initially. In addition, a policy expense charge will be charged by the insurance company for the provision of the insurance benefits on the death of the insured at the range from 0.8512% to 29.7494% per annum throughout the policy.

In addition, if the termination and withdrawal of the policy are made between the 1st to 18th policy years, there is a specified amount of surrender charge. The surrender charge in full or partial termination would be calculated based on the number of years the policy has been in force and charged at the range from 1.3% to 11.92% of the one-off premium. The insurance company will pay the Group an interest on the outstanding Cash Value of the policy at the prevailing interest rate fixed by the insurance company and a minimum guaranteed interest of 2% per annum is guaranteed by the insurance company.

The investment in a life insurance policy is denominated in United States Dollars ("US$") and the fair value is determined with reference to the Cash Value as provided by the insurance company. Details of the fair value measurement of the Group's investment in a life insurance policy are disclosed in note 32(f).

16. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**–**	–	1,853,324
Less: progress billings	**–**	–	(1,839,674)
	–	–	13,650
Recognised and included in the consolidated statement of financial position as:			
– Amounts due from customers for contract work	**–**	–	35,874
– Amounts due to customers for contract work	**–**	–	(22,224)
	–	–	13,650

All amounts due from/(to) customers for contract work are expected to be recovered/settled within one year.

Upon the adoption of HKFRS 15, amounts due from/(to) customers for contract work are included in contract assets and contract liabilities and disclosed in note 17.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	Notes	**31 March 2019** *HK$'000*	1 April 2018 (i) *HK$'000*	31 March 2018 (i) *HK$'000*
Contract assets				
Arising from performance under construction contracts	(ii), (iii), (iv)	**54,073**	43,305	–
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables"		**33,180**	61,873	–

Notes:

(i) The Group has initially applied HKFRS 9 and HKFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 April 2018.

(ii) Upon the adoption of HKFRS 9, opening adjustments were made as at 1 April 2018 to recognise additional expected credit losses (ECLs) on contract assets. This has resulted in a decrease in this balance as at that date (see note 3).

(iii) Upon the adoption of HKFRS 15, some of the receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period, were reclassified from "Retention monies receivables" under "Trade and other receivables" to contract assets (see note 3(ii)).

(iv) Upon the adoption of HKFRS 15, amounts previously included as "Amount due from customers for contract work" (note 16) were reclassified to contract assets (see note 3(ii)).

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group also typically agrees to a twelve months retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

The amount of contract assets that is expected to be recovered after more than one year is HK$50,784,000, all of which relates to retentions.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	Notes	**31 March 2019** ***HK$'000***	1 April 2018 (i) *HK$'000*	31 March 2018 (i) *HK$'000*
Contract liabilities				
Construction contracts				
– Billings in advance of performance	(ii)	**71**	2,214	–

Notes:

(i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018.

(ii) Upon the adoption of HKFRS 15, amounts previously included as "Amount due to customers for contract work" (note 16) were reclassified to contract liabilities (see note 3(ii)).

The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

Movements in contract liabilities

	2019 ***HK$'000***
Balance at 1 April	**2,214**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(2,214)**
Increase in contract liabilities as a result of billing in advance of construction	**71**
Balance at 31 March	**71**

17. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities (Continued)

Movements in contract liabilities (Continued)

No billings in advance of performance and forward sales deposits and instalments received are expected to be recognised as income after more than one year (2018: Nil).

18. TRADE AND OTHER RECEIVABLES

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Trade receivables	**33,180**	61,873	62,189
Retention monies receivables	**–**	–	42,096
Receivables from a securities broker	**13,971**	19,524	19,524
Other receivables, deposits and prepayments	**80,097**	3,366	3,366
	127,248	84,763	127,175

The ageing analysis of trade receivables based on invoice date is as follows:

	2019 HK$'000	2018 HK$'000
0 – 30 days	**20,028**	26,633
31 – 60 days	**10,779**	30,167
61 – 90 days	**899**	3,852
Over 90 days	**1,474**	1,537
	33,180	62,189

The Group usually grants customers a credit period of 45 days (2018: 45 days). The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

19. AMOUNT DUE FROM A DIRECTOR

Name of director	Maximum outstanding balance *HK$'000*	**2019** *HK$'000*	2018 *HK$'000*
Mr. Wong Che Kwo	462	–	462

The amount due is unsecured, interest-free and have no fixed terms of repayment.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 *HK$'000*	2018 *HK$'000*
Listed securities held for trading		
– Equity securities listed in Hong Kong	**23,391**	39,816

Details of the fair value measurement of the Group's investments in listed securities are disclosed in note 32(f).

21. CASH AND CASH EQUIVALENTS

	2019 *HK$'000*	2018 *HK$'000*
Cash and bank balances	**21,278**	99,196
Cash and cash equivalents presented in the consolidated statement of cash flows	**21,278**	99,196

Cash in banks earn interests at floating rates based on daily bank deposit rates.

21. CASH AND CASH EQUIVALENTS (Continued)

(a) Reconciliation of liabilities arising from finance activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Amount due to a shareholder *HK$'000*	Finance lease liabilities *HK$'000*	Bank loan *HK$'000*	Total *HK$'000*
As at 1 April 2017	–	1,794	4,667	6,461
Changes from financing cash flows:				
Repayments of bank loan	–	–	(4,667)	(4,667)
Borrowing cost, paid	–	–	(196)	(196)
Proceeds from advance from a shareholder	132,888	–	–	132,888
Capital element of finance lease rental paid	–	(1,656)	–	(1,656)
Interest element of finance lease rental paid	–	(47)	–	(47)
Other changes:				
Interest expenses	–	–	196	196
Finance charges on obligations under finance leases	–	47	–	47
As at 31 March 2018 and 1 April 2018	**132,888**	**138**	**–**	**133,026**
Changes from financing cash flows:				
Capital element of finance lease	–	(233)	–	(233)
Interest element of finance lease	–	(18)	–	(18)
Other changes:				
New finance leases	–	986	–	986
Finance charges on obligations under finance leases	–	18	–	18
As at 31 March 2019	**132,888**	**891**	**–**	**133,779**

22. TRADE AND OTHER PAYABLES

	31 March 2019 *HK$'000*	31 March 2018 *HK$'000*
Trade payables	**17,103**	48,695
Retention monies payables	**11,008**	27,705
Accruals and other payables	**14,649**	8,751
	42,760	85,151

Note: Except for the amount of HK$4,287,000 (2018: HK$13,817,000), which was expected to be settled after one year, all of the remaining balances were expected to be settled within one year.

The ageing analysis of trade payables based on invoice date is as follows:

	2019 *HK$'000*	2018 *HK$'000*
0 – 30 days	**13,627**	36,191
31 – 60 days	**2,147**	12,501
61 – 90 days	**195**	–
Over 90 days	**1,134**	3
	17,103	48,695

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2018: 0 to 30 days).

23. AMOUNT DUE TO A SHAREHOLDER

The amount due is unsecured, interest-free and have no fixed terms of repayment.

24. OBLIGATIONS UNDER FINANCE LEASES

As at the reporting date, the Group had obligations under finance leases repayable as follows:

	2019 **HK$'000**	2018 *HK$'000*
Total minimum lease payments		
Within one year	**269**	139
After one year but within two years	**269**	–
After two years but within five years	**425**	–
	963	139
Future finance charges on finance leases	**(72)**	(1)
Present value of finance lease liabilities	**891**	138
Present value of minimum lease payments		
Within one year	**235**	138
After one year but within two years	**245**	–
After two years but within five years	**411**	–
	891	138

25. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rate of 16.5% (2018: 16.5%) in Hong Kong.

The movements in deferred tax liabilities during the year are as follows:

	2019 **HK$'000**	2018 *HK$'000*
At the beginning of the year	**4,436**	4,181
(Credited)/charged to the profit or loss (note 9)	**(524)**	255
At the end of the year	**3,912**	4,436

25. DEFERRED TAXATION (Continued)

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
As at 1 April 2017	4,181	–	4,181
Charged to the profit or loss (note 9)	262	(7)	255
As at 31 March 2018 and 1 April 2018	4,443	(7)	4,436
Credited to the profit or loss (note 9)	(524)	–	(524)
As at 31 March 2019	3,919	(7)	3,912

No deferred tax asset has been recognised for the year (2018: HK$Nil) in respect of tax losses approximately of HK$12,860,000 (2018: HK$7,399,000) carried forward to the extent that realisation of the related tax benefit through the future taxable profits is not probable. The tax losses do not expire under the current legislation.

26. SHARE CAPITAL

	2019 Number of shares	**2019** *HK$'000*	2018 Number of shares	2018 *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each				
As at 1 April and 31 March	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
As at 1 April and 31 March	**1,248,000,000**	**12,480**	1,248,000,000	12,480

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Revaluation reserve

The revaluation reserve represents the reserve arising from the investment in a life insurance policy (note 15).

Other reserve

Other reserve represents the reserve arising from the loan capitalisation of Luen Hing and Hop Fung on 21 March 2016.

On 21 March 2016, by way of loan capitalisation, Luen Hing applied HK$5,480,000 due to its directors toward the satisfaction of the issue and allotment of 5,480,000 new shares of Luen Hing at a subscription price of HK$1 per share to Super Pioneer.

On 21 March 2016, by way of loan capitalisation, Hop Fung applied HK$4,920,000 due to its director toward the satisfaction of the issue and allotment of 4,920,000 new shares of Hop Fung at a subscription price of HK$1 per share to Super Pioneer.

Capital reserve

Capital reserve represents the difference between the nominal values of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the reorganisation.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019	2018
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	**32,828**	28,315
Current assets		
Prepayments and other receivable	**14,091**	19,637
Amounts due from subsidiaries	**80,944**	64,289
Financial assets at fair value through profit or loss	**23,391**	39,816
Bank balances	**14,858**	8,672
	133,284	132,414
Current liabilities		
Accruals	**672**	450
Amount due to a shareholder	**132,900**	132,900
	133,572	133,350
Net current liabilities	**(288)**	(936)
Net assets	**32,540**	27,379
EQUITY		
Share capital	**12,480**	12,480
Reserves (note)	**20,060**	14,899
Total equity	**32,540**	27,379

Approved and authorised for issue by the board of directors on 21 June 2019.

So Kwok Hung	**Yu Xiao**
Director	*Director*

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

The movements of the Company's reserves are as follows:

	Share capital *HK$'000* (note 26)	Share premium *HK$'000* (note 27)	Accumulated losses *HK$'000*	(Capital deficiency)/ Total equity *HK$'000*
Balance as at 1 April 2017	12,480	36,672	(17,684)	31,468
Loss and total comprehensive expense for the year	–	–	(4,089)	(4,089)
Balance as at 31 March 2018 and 1 April 2018	12,480	36,672	(21,773)	27,379
Profit and total comprehensive expense for the year	–	–	5,161	5,161
Balance as at 31 March 2019	12,480	36,672	(16,612)	32,540

29. OPERATING LEASE COMMITMENTS

As lessee

As at the reporting date, the total future minimum lease payments under non-cancellable operating leases in respect of leased premises and office equipment were as follows:

	2019 *HK$'000*	2018 *HK$'000*
Within one year	**641**	927
In the second to fifth years	**56**	474
	697	1,401

30. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

As at 31 March 2019 and 2018, the Group has taken out surety bonds from an authorised insurer, which is a wholly-owned subsidiary of a Hong Kong licensed bank, in favour of a customer, who declined the Group's request to release the personal guarantees given by the directors in respect of certain contracts amounted to HK$198,847,000 (2018: HK$198,847,000), in the value of the contract sum or predetermined percentage of the contract sum, as the case may be, for due performance of the Group's obligations under the contracts.

(b) Key management personnel compensation

The emoluments of the key management personnel during the year are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Short-term employee benefits	**6,282**	14,722
Post-employment benefits	**66**	69
	6,348	14,791

31. CONTINGENT LIABILITIES

The Group is the defendant of certain outstanding litigation cases in respect of alleged violations of certain safety and health regulations and accidents and the court has not yet made the judgement up to the date of this report. Having taking into of the information available and the latest development of these cases, the directors are of the opinion that it is not possible to determine the outcome and hence no provision has been made to the consolidated financial statements.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

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

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

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 74.9% (2018: 83.6%) and 95.2% (2018: 99.4%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 45 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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

Given the customers of the Group are mainly the companies within the reputable groups and the Group has not experienced any significant credit losses in the past, management considered that the allowance for ECLs is insignificant. As a result, no provision for impairment of trade receivables and contract assets is necessary during the reporting period.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019:

	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Current (not past due)	0.3	85,126	(246)
1-30 days past due	0.6	904	(5)
31-60 days past due	–	–	–
61-90 days past due	–	–	–
More than 90 days past due	4.1	1,537	(63)
		87,567	(314)

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

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2.7(i) – policy applicable prior to 1 January 2018). At 31 March 2018, no trade receivables was determined to be impaired. The aging analysis of trade debtors that were not considered to be impaired was as follows:

	2018 HK$'000
Neither past due nor impaired	53,067
1-30 days past due	7,585
31-60 days past due	1,537
	62,189

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Comparative information under HKAS 39 (Continued)

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

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

	2019	2018
	HK$'000	*HK$'000*
Balance at 31 March 2018 under HKAS 39	**–**	–
Impact on initial application of HKFRS 9 (note 3)	**527**	–
Balance at 1 April	**527**	–
Reversal of impairment losses	**(213)**	–
Balance at 31 March	**314**	–

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2019 Contractual undiscounted cash outflow					2018 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at 31 March**	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 March
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Finance lease liabilities	**269**	**269**	**425**	**963**	**891**	139	–	–	139	138
Amount due to a shareholder	**132,888**	**–**	**–**	**132,888**	**132,888**	132,888	–	–	132,888	132,888
Trade and other payables	**41,695**	**–**	**–**	**41,695**	**41,695**	84,022	–	–	84,022	84,022
	174,852	**269**	**425**	**175,546**	**175,474**	217,049	–	–	217,049	217,048

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

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

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

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

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	As at 31 December			
	2019		2018	
	Effective interest rate	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Fixed rate borrowings:				
Obligations under finance leases	**5.73%**	**138**	5.51%	891
Fixed rate borrowings as a percentage of total borrowings		**100%**		100%

(d) Currency risk

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

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for trading and non-trading purposes (see note 20).

The Group's listed investments are listed on the Stock Exchange of Hong Kong and are included in the Hang Seng Index. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 31 March 2019, it is estimated that an increase/(decrease) of 3% (2018: 3%) in the relevant stock market index (for listed investments), as applicable, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2019			2018		
		Effect on profit after tax and retained profits	**Effect on other components of equity**		Effect on profit after tax and retained profits	Effect on other components of equity
		HK$'000	***HK$'000***		*HK$'000*	*HK$'000*
Change in the relevant equity price risk variable:						
Increase	**3%**	**798**	**–**	3%	1,288	–
Decrease	**(3)%**	**(798)**	**–**	(3)%	(1,288)	–

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Equity price risk (Continued)

The sensitivity analysis indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2018.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement (Continued)

(i) *Financial assets and liabilities measured at fair value* (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 March 2019	**Fair value measurements as at 31 March 2019 categorised into**			Fair value at 31 March 2018	Fair value measurements as at 31 March 2018 categorised into		
		Level 1	**Level 2**	**Level 3**		Level 1	Level 2	Level 3
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements								
Assets:								
Trading securities	**23,391**	**23,391**	**–**	**–**	39,816	39,816	–	–
Life insurance policy	**3,201**	**–**	**3,201**	**–**	3,219	–	3,219	–

During the years ended 31 March 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

33. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to maintain optimal capital structure in order to minimise the costs of capital, support its business and maximise shareholders' value.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the debt to equity ratio. For this purpose, debt is defined as borrowings net of cash and bank balances. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, share buyback, issue new shares and raise new debts.

33. CAPITAL MANAGEMENT (Continued)

The debt to equity ratio at the end of the reporting date was:

	2019	2018
	HK$'000	*HK$'000*
Obligations under finance leases	**891**	138
Total borrowings	**891**	138
Less: cash and bank balances	**(21,278)**	(99,196)
Net debts	**(20,387)**	(99,058)
Total equity	**82,459**	103,478
Debt to equity ratio	**N/A**	N/A

34. COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

The comparative figures of certain line items for the year ended 31 March 2018 have been reclassified to conform with the current year's presentable of the financial statements.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in the these financial statements. These include the following which may be relevant to the Group.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatment[1]
Amendments to HKFRSs	Annual Improvements to HKFRS 2015-2017 Cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2019.

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

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 September 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

HKFRS 16, Leases

As disclosed in Note 2.7, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

HKFRS 16, Leases (Continued)

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As disclosed in Note 29, at 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$697,000, part of which is payable between 2nd and 5th years after the reporting date. Since the Group's non-cancellable operating lease commitment is not material as at 31 March 2019, the Group expected that the adoption of HKFRS 16 will not have significant impact on the financial position and financial performance of the Group. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effect of discounting.

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
CONSOLIDATED RESULTS					
Revenue	271,949	315,004	735,330	708,595	**432,842**
Profit/(Loss) before taxation	21,703	12,061	37,976	(2,673)	**(6,568)**
Income tax expense	(3,624)	(3,670)	(7,427)	(219)	**520**
Profit/(Loss) for the year	18,079	8,391	30,549	(2,892)	**(6,048)**
Total comprehensive income/(expense) for the year attributable to equity holders of the Company	18,079	8,391	30,114	(2,883)	**(6,048)**

	As at 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	93,085	111,364	210,928	348,315	**262,981**
Total liabilities	(84,781)	(84,269)	(104,567)	(244,837)	**(180,522)**
Net assets	8,304	27,095	106,361	103,478	**82,459**