廣駿集團

Grand Talents Group Holdings Limited
廣駿集團控股有限公司

(Incorporated In The Cayman Islands With Limited Liability)

Stock Code: 8516

ANNUAL REPORT 2019

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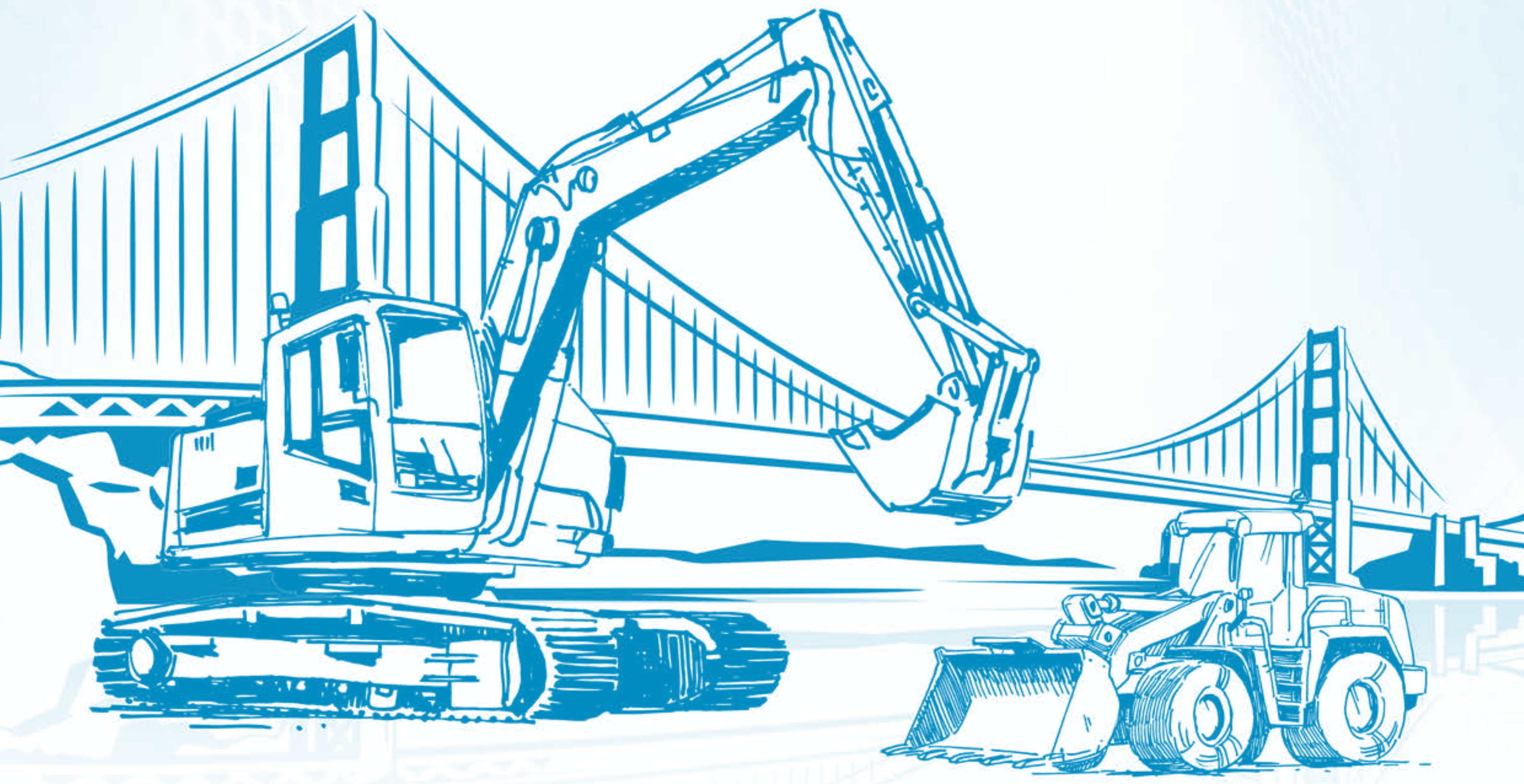
*This report, for which the directors (the "**Directors**") of Grand Talents Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. 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 respects 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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BOARD OF DIRECTORS

Executive Directors

Mr. Ha Chak Hung *(Chairman)*
Mr. Ip Chu Shing *(Chief Executive Officer)*
Mr. Han Shengjun

Non-executive Director

Mr. Lau Yik Lok

Independent Non-executive Directors

Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

AUDIT COMMITTEE

Ms. Tang Shui Man *(Chairman)*
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

REMUNERATION COMMITTEE

Dr. Fok Wai Sun *(Chairman)*
Ms. Tang Shui Man
Mr. Yuk Kai Yao
Mr. Ha Chak Hung

NOMINATION COMMITTEE

Mr. Yuk Kai Yao *(Chairman)*
Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Ha Chak Hung

COMPANY SECRETARY

Ms. Chow Yuk Yin, Ivy *(HKICS, ICSA)*
(appointed on 2 May 2019)
Ms. Ho Siu Pik *(resigned on 2 May 2019)*

AUTHORISED REPRESENTATIVES

Mr. Ha Chak Hung
Ms. Chow Yuk Yin, Ivy

COMPLIANCE OFFICER

Mr. Ha Chak Hung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Clifton House, 75 Fort Street
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Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKER

Fubon Bank (Hong Kong) Limited

COMPLIANCE ADVISER

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AUDITOR

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COMPANY'S WEBSITE

www.grandtalentsgroup.com.hk

STOCK CODE

8516

HIGHLIGHTS

- The revenue of the Group was approximately HK$108.3 million for the year ended 31 March 2019 representing an increase from approximately HK$91.8 million for the year ended 31 March 2018. Such increase was mainly due to the commencement of one new management and maintenance of roads (regional and structural) project.

- The gross profit was approximately HK$28.9 million for the year ended 31 March 2019, representing an increase from approximately HK$25.8 million for the year ended 31 March 2018. Such increase was mainly due to the increase in revenue.

- The profit attributable to owners of the Company decreased to approximately HK$1.9 million for the year ended 31 March 2019, as compared to approximately HK$6.9 million recorded for the year ended 31 March 2018. Such decrease was mainly due to the increase of impairment loss on contract assets and trade receivables. The decrease was partially offsetted by the increase in gross profit.

- The board of directors of the Company (the "**Board**") does not recommend the payment of a final dividend for the year ended 31 March 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of the Company, I am pleased to present the annual report of the Company for the year ended 31 March 2019 (the "**Reporting Period**"). Unless otherwise stated, the capitalized terms used in this annual report shall have the same meaning as those used in the prospectus ("**Prospectus**") dated 29 September 2018.

BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works with over eight years of experience. The Group principally repairs and maintains structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to civil engineering construction works including construction of sewerage, waterworks and barrier-free access facilities.

The Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as slopes; and (ii) civil engineering construction projects. In respect of repair and maintenance projects, they are term contracts normally for a duration ranging from one to six years. As for the civil engineering construction works, the duration of the projects usually ranged from two to four years, depending on the complexity of the works undertaken. During the Reporting Period, the Group has continued to focus on developing business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

FINANCIAL REVIEW

For the year ended 31 March 2019, the revenue of the Group increased by approximately 18.0% to approximately HK$108.3 million from approximately HK$91.8 million for the year ended 31 March 2018. Besides, the Group recorded a decrease of approximately HK$5.5 million in profit before taxation from approximately HK$10.1 million for the year ended 31 March 2018 to approximately HK$4.6 million for the year ended 31 March 2019, which was mainly due to, among other things, HK$8.3 million listing fee recorded in the Reporting Period.

OUTLOOK

Looking forward, there are certain risks that the Group will face in further development such as we are subject to challenges that we may not be able to monitor the performance of the subcontractors as directly and efficiently as with our own staff. However, the Group remains cautiously optimistic of the 2020 prospects, and believes that we have to retain existing labour and/or ensure sufficient labour. To achieve these goals, the Group has developed and will strive to implement the following business strategies: acquisition of additional machinery and equipment, further strengthening our manpower and application for admission on the Specialist List.

APPRECIATION

I would like to express my gratitude on behalf of the Group to all customers, suppliers, subcontractors, business partners and professional parties for their support to our business development and Listing process. I also take this opportunity to thank the management and employees of the Group for their contribution and commitment throughout the year.

Mr. Ha Chak Hung
Chairman

Hong Kong, 27 June 2019

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. Our Board currently consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information of our Directors:

Name	Age	Present position	Date of joining the Group	Relationship with other Director(s) and senior management
Executive Directors				
Mr. Ha Chak Hung (夏澤虹)	44	Chairman and executive Director	8 June 2010	Brother-in-law of Ms. Chung Miu Chi
Mr. Ip Chu Shing (葉柱成)	48	Chief Executive Officer and executive Director	8 June 2010	None
Mr. Han Shengjun (韓升軍)	49	Executive Director	29 April 2019	None
Non-executive Director				
Mr. Lau Yik Lok (劉亦樂)	56	Non-executive Director	15 December 2017	None
Independent Non-executive Directors				
Ms. Tang Shui Man (鄧瑞文)	39	Independent non-executive Director	21 September 2018	None
Mr. Yuk Kai Yao (郁繼燿)	38	Independent non-executive Director	21 September 2018	None
Dr. Fok Wai Sun (霍惠新)	46	Independent non-executive Director	21 September 2018	None

EXECUTIVE DIRECTORS

Mr. Ha Chak Hung (夏澤虹) ("Mr. Ha"), aged 44, is the Chairman and executive Director of our Group. Mr. Ha was appointed as a Director on 23 October 2017 and was redesignated as our executive Director on 21 September 2018. Mr. Ha is responsible for the overall strategic management and development of our business and operations. Mr. Ha is currently a director of Talent Mart Construction Co., Limited ("**TMC**") and Talent Mark Development Limited ("**TMD**"). He is also a member of the Remuneration Committee and Nomination Committee.

Mr. Ha graduated with a Bachelor of Business Administration from Chu Hai College in January 2000. He also completed a Postgraduate Certificate in Business and Management in University of Bradford in July 2014 through distance learning.

Mr. Ha has over 16 years of experience in the roads and highways management and maintenance industry. Mr. Ha began his career as a sales executive in Wah Lam Construction Co., Limited from 1999 to 2001. He then worked as a sales manager in Hongkong United Dockyards Limited from 2001 to 2004. Later, he worked in Good Intelligent Development Engineering Limited from May 2005 to April 2010 and Mr. Ha's major roles and responsibilities included projects co-ordination, marketing and business development. Throughout the period, he acquired extensive knowledge and expertise in the roads and highway management and maintenance industry by participating in different construction projects.

Mr. Ip Chu Shing (葉柱成) ("Mr. Ip"), aged 48, is the Chief Executive Officer and executive Director of our Group. Mr. Ip was appointed as a Director on 23 October 2017 and was redesignated as an executive Director on 21 September 2018. Mr. Ip is responsible for overseeing our operations, business development, human resources, finance and administration. Mr. Ip is currently a director of TMC and TMD.

Mr. Ip obtained a Bachelor of Science in Civil Engineering and a Master of Science in Civil Engineering from San Jose State University in December 1994 and December 1998 respectively.

Mr. Ip has over 23 years of experience in the civil engineering industry, during which he gathered extensive knowledge of the industry and established close relationships with customers, suppliers and subcontractors alike. Mr. Ip began his career as a site engineer in Kin Wing Engineering Company Limited in September 1994 with his last position held as a project engineer in 1997. He then worked as an assistant engineer in Atkins China Limited from May 1997 to August 1997. From 1997 to 1998, Mr. Ip worked as a project manager in Man Wah General Contractor Company Inc. in the United States. He also worked as a design engineer in T. Y. Lin International Consultant Limited in the United States from 1999 to 2000. From 2000 to 2001, Mr. Ip worked as a transportation engineer in California Department of Transportation in the United States. After working as a project engineer in HUD General Engineering Services Limited from 2001 to 2003, he worked as a project manager in Ki Wan Development Limited from April 2005 to December 2010.

Mr. Han Shengjun (韓升軍) ("Mr. Han"), aged 49, was appointed as our executive Director on 29 April 2019. Mr. Han is responsible for advising on our management and strategic development.

Mr. Han graduated from Shandong Broadcast and Television University* (山東廣播電視大學) with a Bachelor Degree in Chinese Language and Literature in 1991. Mr Han has over 20 years' experience in corporate management and marketing. Mr. Han worked as the general manager of Jinan Century Shentong Technology Company Limited (濟南世紀神通科技有限責任公司) from 1999 to 2003. Mr. Han was appointed as the vice president of Guangzhou Bohuang Energy Saving Technology Limited (廣州市博煌節能科技有限公司) from 2008 to 2016. Mr. Han has been the general manager of Shandong Yangming Tianxia Cultural Communications Company Limited* (山東陽明天下文化傳播有限公司) since 2016.

NON-EXECUTIVE DIRECTOR

Mr. Lau Yik Lok (劉亦樂) ("Mr. Lau"), aged 56, was appointed as our non-executive Director on 15 December 2017. Mr. Lau is responsible for advising on our management and strategic development.

After completing secondary education in Hong Kong in 1980, Mr. Lau worked as a supervisor at Standard Chartered Bank (Hong Kong) Limited from 1983 to 1989. He then worked in DBS Bank (Hong Kong) from November 1993 to August 2001 with his last position held as an assistant manager. He subsequently worked in Asia Commercial Bank with his last position held as an account manager from September 2001 to August 2003. From 2003 to 2009, he worked as a group consultant in JB Group. He has been the managing director of Excellent Network Limited since 2010. Mr. Lau has also been an independent non-executive director of Pak Wing Group (Holdings) Limited (a company listed on the GEM of the Stock Exchange (Stock Code: 8316)) since May 2017.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tang Shui Man (鄧瑞文) (Ms. Tang), aged 39, was appointed as our independent non-executive Director on 21 September 2018. She is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Ms. Tang is responsible for providing independent judgement on issues relating to our strategy, performance, resources and standard of conduct.

Ms. Tang obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in June 2003.

Ms. Tang worked in Shinewing (HK) CPA Limited from February 2004 to September 2005 with her last position held as an audit semi senior. She then worked in Deloitte Touche Tohmatsu from September 2005 to September 2007 with her last position held as an audit senior. Ms. Tang subsequently worked in Benetton Asia Pacific Limited from October 2007 to January 2009 with her last position held as a financial analyst. She also worked in i.t apparels Limited, a subsidiary of I.T Limited (a company listed on the Main Board of the Stock Exchange (stock code: 0999)) from January 2009 to August 2009 with her last position held as an assistant internal audit manager. She further worked in BWC Capital Markets Limited from September 2009 to July 2010 with her last position held as an internal audit and compliance director. Ms. Tang was an independent non-executive director of China Finance Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 875) from December 2014 to June 2017. Ms. Tang has been working in Tang Clansmen Association as an accounting consultant since 2013.

Ms. Tang has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since July 2011 and March 2019, respectively. She has also been a member and fellow member of the Association of Chartered Certified Accountants since October 2007 and October 2012 respectively.

Mr. Yuk Kai Yao (郁繼燿) ("Mr. Yuk"), aged 38, was appointed as our independent non-executive Director on 21 September 2018. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Yuk is responsible for providing independent judgement on issues relating to our strategy, performance, resources and standard of conduct.

Mr. Yuk obtained a Bachelor of Economics and Finance from The University of Hong Kong in December 2004.

Mr. Yuk worked in Shanghai Commercial Bank Limited as a graduate trainee in July 2004 with his last position held as an assistant operations officer in March 2007. He then worked in Standard Chartered Bank (Hong Kong) Limited from March 2007 to September 2007 with his last position held as a manager. Mr. Yuk subsequently worked in The Hong Kong and Shanghai Banking Corporation Limited from September 2007 to March 2012 with his last position held as an associate director. He also worked as a vice president in Hao Tian Management (Hong Kong) Limited, a subsidiary of Hao Tian Development Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0474) from January 2013 to December 2015. He joined as the vice president of sales & marketing department of KP Financial Holdings Limited, a subsidiary of China Financial Services Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0605) since January 2016 and is currently the sales Director.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Fok Wai Sun (霍惠新) ("Dr. Fok"), aged 46, was appointed as our independent non-executive Director on 21 September 2018. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee. Dr. Fok is responsible for providing independent judgment on issues relating to our strategy, performance, resources and standard of conduct.

Dr. Fok obtained a Bachelor of Science in Civil Engineering from San Jose State University in May 1994 and Master of Business Administration in Management from Golden Gate University in April 1995. He later obtained a Bachelor of Science in Quantity Surveying from The University of Reading through distance learning in December 2005. He further obtained a Master of Science in Finance from City University of Hong Kong in November 2006. He continued to pursue his education and graduated with a Doctor of Philosophy in Engineering Management from Neuva Ecija University of Science and Technology in Republic of Philippines through distance learning in June 2010. He also earned Master of Art in Comparative and Public History at The Chinese University of Hong Kong in November 2018 and Graduate Diploma in International Relations at University of London in August 2018.

Dr. Fok worked as an assistant engineer in United Reliance Corporation Limited from July 1995 to March 1996. He then worked as an analyst in Hopewell Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0054), from January 1997 to June 1998. Dr. Fok later worked as a quantity surveyor in Pui Hing Construction Company Limited from January 1999 to August 1999. He then worked as a project manager in KPA Engineering Limited from March 2000 to August 2000. He subsequently worked as a quantity surveyor/estimator in Lam Geotechnics Limited from September 2000 to February 2002. Dr. Fok also worked as a technical manager in Stanger Asia Limited from May 2002 to November 2012. He has been a senior manager in Castco Testing Centre Limited since December 2012.

Dr. Fok was admitted to memberships of the following institutions and bodies:

Name of institution	**Membership grade**	**Active period of membership**
Hong Kong Institution of Engineers	Member	August 2016–Present
Hong Kong Concrete Institute	Fellow member	May 2016–December 2018
The Royal Institute of Chartered Surveyors	Professional member	April 2007–April 2008
The Institution of Civil Engineers	Member	March 2006–Present
The Chartered Institute of Building	Member	June 2003–June 2004
The Chartered Institute of Arbitrators	Associate	December 2002–December 2003
The American Society of Civil Engineers	Member	June 2001–December 2018

Dr. Fok has been a certified cost engineer of the Association for Advancement of Cost Engineering and a chartered engineer accredited by Engineering Council in the United Kingdom since February 2002 and April 2006 respectively. Dr. Fok has been certified by the Hong Kong Engineers Registration Board as a Registered Professional Engineer (RPE).

SENIOR MANAGEMENT

The following table sets forth certain information of our senior management:

Name	Age	Present Position	Date of joining us	Relationship with other Director(s) and senior management
Ms. Chung Miu Chi (鍾妙姿)	35	Accounting Supervisor	2 January 2017	Sister-in-law of Mr. Ha
Mr. Fung Ki Wai (馮基偉)	42	Project Manager	16 August 2010	None
Mr. Chan Hon Wai (陳漢偉)	49	Site Agent	1 October 2012	None
Mr. Leung Wai Man Andrew (梁衛民)	48	Safety Officer	18 June 2012	None

Ms. Chung Miu Chi (鍾妙姿) ("Ms. Chung"), aged 35, was appointed as our accounting supervisor on 2 January 2017. She is responsible for our overall management and operations of finance and accounting.

Ms. Chung obtained a Diploma in Pitman Secretarial Studies from Man Sheung College in July 2001. She completed a full-time English Language Intensive Course for Overseas Students held by Central TAFE in Perth, Western Australia in November 2002.

Prior to joining us, Ms. Chung worked as a temporary clerk in Crosston International Investment Limited from January 2003 to April 2003. She then worked as a contract clerk in Bureau Veritas Consumer Products Services Hong Kong Ltd. from February 2004 to February 2005. Ms. Chung later worked in Sheen Busy Limited from October 2005 to March 2006 with her last position held as a site clerk. She further worked as a site clerk in China State Construction Limited and New Fordly Engineering Limited from January 2007 to May 2008 and May 2010 to April 2011 respectively. Ms. Chung subsequently worked as an administration clerk in Kaiser Global (Hong Kong) Company Limited and Kaiser Global from May 2011 to February 2015 and from March 2015 to December 2016 respectively.

Ms. Chung is the sister-in-law of Mr. Ha.

Mr. Fung Ki Wai (馮基偉) ("Mr. Fung"), aged 42, is our project manager. Mr. Fung first joined us as a site agent in August 2010 and was appointed as our project manager on 1 July 2013. Mr. Fung is responsible for overseeing and monitoring our projects, operations and business development.

Mr. Fung obtained a Degree of Bachelor of Engineering from The University of Liverpool in July 2005.

Prior to joining us, Mr. Fung worked as an assistant foreman in VAST-AUST Limited from 1996 to 2001. Mr. Fung worked as a works supervisor assistant in Highways Department from July 2001 to September 2003. From 2005 to 2010, he worked as a site agent Good Intelligent Development Engineering Limited.

Mr. Chan Hon Wai (陳漢偉) ("Mr. Chan"), aged 49, is our site agent. Mr. Chan has been our site agent since 1 October 2012. Mr. Chan is responsible for overseeing our projects' on-site activities on a day-to-day basis.

Mr. Chan completed secondary education in Hong Kong in 1986.

Prior to joining us, Mr. Chan worked as an assistant foreman from 1987 to 1991. He then worked as a foreman in Wing Fai Construction Company Limited in 1991 with his last position held as a site agent in 1998. He later worked as a site agent in Hung Mau Realty & Construction Company Limited (currently known as CPC Construction Hong Kong Limited, a subsidiary of Chevalier International Holdings Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 0025)) and Chiu Hing Construction & Transportation Company Limited from 1998 to 1999 and 1999 to 2000 respectively. Mr. Chan re-joined Hung Mau Realty & Construction Company Limited as a site agent from 2000 to 2004. He further worked as a site agent in Good Intelligent Development Engineering Limited from 2005 to 2009.

Mr. Leung Wai Man Andrew (梁衛民) ("Mr. Leung"), aged 48, is our safety officer. Mr. Leung first joined us as a safety supervisor in June 2012 and he was appointed as our safety officer on 1 July 2013. Mr. Leung is primarily responsible for monitoring our projects' on-site activities to ensure that workers comply with our Company's policies and Government safety regulations.

Mr. Leung completed a Safety Supervisor Training Course held by Hong Kong Human Resources Limited in July 2009. He obtained a Professional Diploma in Occupational Safety & Health from School of Continuing Education Hong Kong Baptist University in March 2013. Mr. Leung then obtained a training certificate in Safety at Road Works issued by Occupational Safety & Health Council in October 2013. He further completed a 4-hour Safety Training Techniques Course and a 6-hour Safe Working Cycle Course held by the CIC in October 2013 and December 2013 respectively.

Mr. Leung has over 25 years of experience in the construction industry, having entered the construction industry as a construction apprentice in 1992. Prior to joining us, he worked as a safety supervisor in Welcome Construction Limited from 2011 to 2012.

COMPANY SECRETARY

Ms. Chow Yuk Yin, Ivy (周玉燕) ("Ms. Chow") was appointed as the company secretary on 2 May 2019.

Ms. Chow is currently a Director — Corporate Services of Tricor Services Limited. She is a Fellow Member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators as well as an Ordinary Member of the Hong Kong Securities and Investment Institute. Ms. Chow has over 20 years of work experience in the field of corporate secretarial and regulatory compliance services.

COMPLIANCE OFFICER

Mr. Ha is the compliance officer of our Group. For details of his biographical details, please refer to the paragraph headed "Executive Directors" in this section.

BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works with over eight years of experience. The Group principally repairs and maintains structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to civil engineering construction works including construction of sewerage, waterworks and barrier-free access facilities.

The Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as slopes; and (ii) civil engineering construction projects. In respect of repair and maintenance projects, they are term contracts normally for a duration ranging from one to six years. As for the civil engineering construction works, the duration of the projects usually ranged from two to four years, depending on the complexity of the works undertaken. During the Reporting Period, the Group has continued to focus on developing business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue principally represented income derived from civil engineering works such as management and maintenance of roads and highways in Hong Kong and construction projects.

The revenue of the Group increased by approximately 18.0% from approximately HK$91.8 million for the year ended 31 March 2018, to approximately HK$108.3 million for the year ended 31 March 2019. Such increase is mainly attributable to the commencement of one new repair and maintenance project with an aggregate revenue recognised of approximately HK$39.7 million during the year ended 31 March 2019.

Cost of sales

The cost of sales primarily consists of staff costs, sub-contracting fees, and construction materials and supplies. The cost of sales increased by approximately 20.5% from approximately HK$65.9 million for the year ended 31 March 2018 to approximately HK$79.4 million for the year ended 31 March 2019, which was mainly attributable to the commencement of one new repair and maintenance project.

Gross profit and gross profit margin

The gross profit was approximately HK$25.8 million and HK$28.9 million for the years ended 31 March 2018 and 2019 respectively. The gross profit margin was 28.2% and 26.7% respectively. The increase in our gross profit and decrease in gross profit margin was primarily due to (i) the increase in revenue and (ii) the Group recorded a decrease in total sub-contracting fees as the Group undertook a higher proportion of works orders by itself.

Other income

The Group recorded other income of HK$191,000 during the year ended 31 March 2019 (year ended 31 March 2018: HK$489,000).

The decrease was due to no imputed interest income on amounts due from a related party and our Directors during the year ended 31 March 2019.

Administrative expenses

Administrative expenses consist primarily of auditors' remunerations, depreciation, directors' remuneration, entertainments, legal and professional fee, motor vehicles expenses, and staff costs. The administrative expenses increased by approximately 95.2% from approximately HK$6.2 million for the year ended 31 March 2018 to approximately HK$12.1 million for the year ended 31 March 2019. The increase was mainly due to the increase in staff costs of approximately HK$13.5 million and the increase in directors' remuneration due to the increased number of directors.

Finance costs

The finance costs increased by approximately 69.4% from HK$333,000 for the year ended 31 March 2018 to HK$564,000 for the year ended 31 March 2019. The increase was mainly due to the increase in bank borrowings.

Income tax

Income tax represents income tax paid or payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction our Group operates or domiciles. We had no tax payable in other jurisdiction other than Hong Kong during the years ended 31 March 2018 and 2019. Our operations in Hong Kong are subject to the two-tiered profits tax rate regime, which the first HK$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK$2 million will be taxed at 16.5%. It recorded income tax of approximately HK$2.7 million during the year ended 31 March 2019, as compared to approximately HK$3.2 million in the year ended 31 March 2018.

Profit for the year

As a result of the foregoing, the profit decreased from approximately HK$6.9 million for the year ended 31 March 2018 to approximately HK$1.9 million for the year ended 31 March 2019. Such decrease was mainly due to increase of impairment loss on contract assets and trade receivables. The decrease was partially offsetted by increase gross profit.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

The Group has been maintaining its corporate finance and risk management during the period under review.

As at 31 March 2019, the Group had net current assets of approximately HK$74.4 million (as at 31 March 2018: approximately HK$35.9 million), of which the cash and cash equivalents were approximately HK$18.5 million. The Group's current ratio as at 31 March 2019 is 3.0 times (as at 31 March 2018: 2.5 times). The gearing ratio as at 31 March 2019 was 29.1% (as at 31 March 2018: 8.6%) which is calculated on the basis of the Group's all interest-bearing borrowings, obligations under finance leases and bank overdraft over the total equity.

Total bank overdraft, bank borrowings and obligations under finance lease for the Group amounted to approximately HK$22.9 million as at 31 March 2019 (as at 31 March 2018: approximately HK$3.2 million). As at 31 March 2019, bank borrowings in the amounts of approximately HK$12.7 million are due within one year while nil are due after one year.

The Group adopts centralised financing and treasury policies in order to ensure its funding is utilized efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 15 October 2018 ("**Listing Date**"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

CAPITAL EXPENDITURE

Capital expenditure primarily comprised of purchase of construction equipment, furniture fixtures and equipment, computers and motor vehicles. The capital expenditure was funded by net proceeds from the Listing, internal resources, finance leases and bank borrowings during the year ended 31 March 2019.

The following sets forth the Group's capital expenditure as at the dates indicated:

	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
Plant and equipment	5,117	828
Deposit for acquisition of property, plant and equipment	—	—
	5,117	828

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liability (31 March 2018: nil).

CHARGES ON GROUP'S ASSETS

As at 31 March 2019, motor vehicles with carrying amount of HK$188,000 (2018: HK$356,000) are under finance leases arrangement.

COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases payable within one year amounted to HK$65,000 as at 31 March 2019 (as at 31 March 2018: HK$311,000), while the total future minimum lease payments under non-cancellable operating leases payable after one year but within five years amounted to HK$nil (as at 31 March 2018: HK$65,000).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 127 employees in total (as at 31 March 2018: 49).

The Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any significant investments or material acquisition and disposal during the year ended 31 March 2019.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have material events after the end of the reporting period.

USE OF PROCEEDS

Based on the Offer Price of HK$0.40 per Offer Share and 120,000,000 Shares offered by the Company, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and commissions and estimated expenses paid and payable by the Company in relation to the Share Offer, are approximately HK$23.0 million. Such net proceeds are intended to be or have been applied for the purposes of (i) acquisition of additional machinery and equipment; (ii) strengthening our manpower; (iii) strengthening our financial capabilities; and (iv) working capital.

Details of the Group's intended use of the net proceeds from the Share Offer are set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

	Planned use of the net proceeds up to 31 March 2019 (HK$ million)	Actual use of the net proceeds up to 31 March 2019 (HK$ million)
Acquisition of additional machinery and equipment	6.1	4.1
Strengthening our manpower	2.8	1.2
Strengthening our financial capabilities:		
(i) Surety bond for the tender of new projects	3.0	—
(ii) Surety bond for a project	2.0	—
Working capital	3.2	3.2
Total:	17.1	8.5

The business objectives, implementation plans and planned use of proceeds were based on the estimation and assumption of future market conditions made by the Group for the purpose of Listing. The actual use of proceeds was based on the Group's business operations and development.

ACHIEVEMENT OF BUSINESS OBJECTIVES AS COMPARED WITH ACTUAL BUSINESS PROGRESS

The Company was listed on GEM on 15 October 2018. During the period from 15 October 2018 to 31 March 2019 (the "**Relevant Period**"), the Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The Group will endeavor to achieve the milestone events as stated in the Prospectus.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

On 30 September 2017, an interim dividend of HK$7.0 million was recognized as distribution by TMD to its then shareholders namely, Mr. Ha and Mr. Ip. On 30 March 2018, an interim dividend of HK$7.0 million was recognised as distribution by China Talent to its then shareholders namely Talent Prime and Infinite Honor. On the same date, Infinite Honor waived its rights to such dividend of HK$490,000 and agree that Talent Prime shall be entitled to Infinite Honor's share of such dividend.

FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

SIGNIFICANT INVESTMENT

At 31 March 2019, the Group did not hold any significant investment.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is pleased to present its corporate governance report of the Company for the year ended 31 March 2019, pursuant to Rule 18.44(2) of the GEM Listing Rules.

The Company has made continued efforts to incorporate the key elements of sound corporate governance in its management structures and internal control procedures. The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Board believes that good and effective corporate governance practices are keys to obtaining and maintaining the trust of the shareholders of the Company (the "**Shareholders**") and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the Shareholders.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report.

Except the deviations in Code Provision E.1.5 and Mandatory Disclosure Requirement L.(d)(ii) of the CG Code and Rule 17.104 of the GEM listing the Company has complied with the principles and applicable code provisions of the CG Code in the Relevant Period.

Pursuant to Code Provision E.1.5 in the CG Code, the Company is required to have a dividend policy and disclose such policy in its annual report. Also pursuant to Mandatory Disclosure Requirement L.(d)(ii) of the Code and Rule 17.104 in GEM Listing Rules, the Company is required to have a policy for nomination of directors and board diversity policy and disclose such policies in the Company's corporate governance report. The Company has not adopted the aforesaid policies.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Rules in respect of directors' securities transactions ("**Required Standard Dealing**").

The Model Code is not applicable to the Company before the Listing Date. Specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the Relevant Period.

The Company has adopted a Compliance Manual for securities transactions by senior management as written guidelines no less exacting than the Required Standard of Dealing for relevant employees ("**Written Guidelines**") in respect of dealing in the Company's shares.

During the Relevant Period, the Company is not aware of any incident of non-compliance of the Securities Dealing Code and Written Guidelines by the relevant employees.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

The Board currently comprises the following Directors:

Executive Directors

Mr. Ha Chak Hung *(Chairman)*
Mr. Ip Chu Shing *(Chief Executive Officer)*
Mr. Han Shengjun

Non-executive Director

Mr. Lau Yik Lok

Independent non-executive Directors

Ms. Tang Shui Man
Mr. Yuk Kai Yao
Dr. Fok Wai Sun

The biographical information of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 7 to 12 of this annual report.

The relationships between the Directors are also disclosed in the respective Director's biography under the section "Biographies of Directors and Senior Management" on pages 7 to 12 of this annual report.

The Company has taken out director liability insurance to cover liabilities arising from legal action against the Directors.

Attendance Records of Directors and Committee Members

The attendance records of each Director at the Board and Board Committee meetings and annual general meeting held during the Reporting Period are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**
Mr. Ha Chak Hung	5/5	N/A	0/0	1/1	N/A
Mr. Ip Chu Shing	5/5	N/A	N/A	N/A	N/A
Mr. Han Shengjun	N/A	N/A	0/0	N/A	N/A
Mr. Lau Yik Lok	5/5	N/A	N/A	N/A	N/A
Ms. Tang Shui Man	5/5	2/2	0/0	1/1	N/A
Mr. Yuk Kai Yao	5/5	2/2	0/0	1/1	N/A
Mr. Fok Wai Sun	5/5	2/2	0/0	1/1	N/A

The Company held 3 meeting(s) prior to the Listing Date. Subsequent to the Listing Date, the Board met on 13 November 2018 to approve the interim results and interim report for the period ended 30 September 2018 and on 14 February 2019 to approve the quarterly results and quarterly report for the period ended 31 December 2018. Subsequent to the Reporting Period and up to the date of this report, the Board also met on 26 April 2019 to appoint new executive director, 30 April 2019 to appoint new company secretary and 27 June 2019 to approve the annual results and annual report for the year ended 31 March 2019.

Besides the above-mentioned Board meetings, the Chairman also held a meeting with the independent non-executive Directors ("**INEDs**") without the presence of executive Directors during the Relevant Period.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Ha Chak Hung and Mr. Ip Chu Shing respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board as well as the overall management of the Group's corporate strategies planning. The Chief Executive Officer focuses on the overall management of the Group's business development and marketing matters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three INEDs representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. As such, there is a strong element in the Board to provide independent judgment.

In accordance with code provision A.4.1 of the Code, the Company has entered into a letter of appointment with each of the INEDs for initially a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party.

The Company has received an annual confirmation of independence from each INED pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers the INEDs to remain independent as at the date of this report.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive Director has entered into a service agreement with the Company for initially a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party, except Mr. Han Shengjun has entered into a service agreement with the Company for initially a fixed term of one year from 29 April 2019 and will continue thereafter until terminated by either party giving not less than one month's written notice to the other party.

The service agreements and/or letters of appointment of the Directors are subject to termination in accordance with their respective terms. They can be renewed in accordance with the articles of association of the Company ("**Articles**") and the applicable GEM Listing Rules.

As required under the Articles, Directors are subject to election by the Shareholders at the first general meeting after their appointment by the board of directors. At each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Also, the Directors to retire by rotation shall include any Director who wishes to retire and not to hold office himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment, and between persons who became or were last re-elected Directors on the same day, those to retire shall be determined by lot.

In accordance with code provision A.4.2. of the CG Code, every director including those appointed for a specific term shall be subject to retirement by rotation at least once every three years.

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board supervises the management of the business and affairs of the Company and ensures that it is managed in the best interests of the Shareholders as a whole while taking into account the interest of other stakeholders. The Board is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

The Board is also responsible for the corporate governance functions under code provision D.3.1 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

DIRECTORS TRAINING AND PROFESSIONAL DEVELOPMENT

To assist the Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. The Directors also participate in continuous professional development programmes such as external seminars and forums organised by qualified professionals, to develop and refresh their knowledge as to the industry and skills in relation to their contribution to the Board.

All the Directors understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

During the year ended 31 March 2019, all the Directors participated in a training seminar regarding director's responsibilities and duties by the Company's legal advisers to ensure that he/she has appropriate understanding of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. Such training seminar was related to corporate governance, connected transactions and directors' continuing obligations.

The Company has maintained the training record in respect of each Director. There are also arrangements in place for providing continuing briefing and professional development to Directors by the Company whenever necessary.

BOARD COMMITTEES

The Board has established three Board committees, namely, the audit committee, the remuneration committee and the nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with respective written terms of reference. All the Board committees should report to the Board on their decisions and works. The practices, procedures and arrangements of conduct of committee meetings follow in line with, so far as practicable, those of the Board meetings and the respective terms of reference of the committees.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

Audit Committee

The audit committee was established on 21 September 2018 with its written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee consists of three members, being Ms. Tang Shui Man (Chairman), Mr. Yuk Kai Yao and Dr. Fok Wai Sun.

During the Relevant Period, two audit committee meetings were held on 13 November 2018 and 14 February 2019 to review the interim results for the six months ended 30 September 2018 and nine months ended 31 December 2018 of the Company and its subsidiaries respectively and other related matters.

Subsequent to the Relevant Period and up to the date of this report, the audit committee met on 27 June 2019 and reviewed (i) the Group's audited consolidated financial statements for the year ended 31 March 2019, with a recommendation to the Board for approval; (ii) the Group's financing and accounting policies; and (iii) the Group's internal control system and risk management functions.

Remuneration Committee

The remuneration committee was established on 21 September 2018 with its written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration of all Directors and senior management and determine, with delegated responsibilities, the remuneration package of individual Director and senior management.

The remuneration committee consists of four members, being Dr. Fok Wai Sun (Chairman), Mr. Ha Chak Hung, Ms. Tang Shui Man and Mr. Yuk Kai Yao.

During the Relevant Period, one remuneration committee meeting was held. On 13 November 2018, the Remuneration committee held a meeting to review and consider the remuneration packages of individual executive directors and senior management for the year ended 31 March 2019 and other related matters.

Subsequent to the Relevant Period and up to the date of this report, the remuneration committee met on 26 April 2019 to discuss the remuneration packages of Mr. Han Shengjun, the new Executive Director of the Company, and 27 June 2019 to discuss the remuneration package of individual directors and senior management of the Company for the year ending 31 March 2020.

The Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Nomination Committee

The nomination committee was established on 21 September 2018 with its written terms of reference in compliance with the code provisions of the CG Code. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management, review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on re-appointment of Directors.

The nomination committee consists of four members, being Mr. Yuk Kai Yao (Chairman), Mr. Ha Chak Hung, Ms. Tang Shui Man and Dr. Fok Wai Sun.

During the Relevant Period, no nomination committee meeting has been held. Subsequent to the Relevant Period, the nomination committee met on 26 April 2019 to discuss and recommend to the Board for appointing Mr. Han Shengjun as Executive Director of the Company and on 27 June 2019 to discuss and recommend to the Board regarding candidates to fill vacancies on the Board and/or in the senior management.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including production, procurement, marketing, finance, human resources, information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assess the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2019.

There being no internal audit unit as the Board does not perceive the cost efficiency to set up one at the present scale of operations of the Company, the Board has invested resources to enhance the internal control system and to take active steps in addressing the recommendation of the internal control system review in the management letter from the external auditors during the audit process.

During the year ended 31 March 2019, the Board reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities to prepare the Group's consolidated financial statements for the year ended 31 March 2019 to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's consolidated financial statements for the year ended 31 March 2019 in this report.

AUDITOR'S REMUNERATION

During the year ended 31 March 2019, the Company engaged Deloitte Touche Tohmatsu ("**Deloitte**") as the external auditor. The fees in respect of audit services provided by Deloitte for the year ended 31 March 2019 amounted to HK$900,000.

COMPANY SECRETARY

Ms. Chow Yuk Yin, Ivy, was appointed by the Board as the company secretary of the Company on 2 May 2019 to replace Ms. Ho Siu Pik subsequent to the Relevant Period. The biographical details of Ms. Chow are set out in the section headed "Biographies of Directors and Senior Management" of this report. Ms. Ho's primary contact at the Company was Mr. Ha Chak Hung, the Chairman and Executive Director during the Reporting Period.

Ms. Ho had confirmed that she had taken no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2019.

SHAREHOLDERS' RIGHT

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). EGMs shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of 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 EGM to be called by the Board for the transaction if any business specified in such requisition.

Right to put enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Procedure for shareholders to put forward proposals at shareholders' meetings

The Companies Ordinance provides that, a company must give notice of a resolution if it has received requests that it do so from: (a) the members of the company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The Companies Ordinance also provides that, the request (a) may be sent to the company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

All request shall be sent to the principal place of business of the Company in Hong Kong or by e-mail to tm.angiechung@gmail.com for the attention of the Company Secretary.

INVESTOR RELATIONS

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities in accordance with GEM Listing Rules.

The Company's annual and interim reports and circulars are printed and sent to all Shareholders.

Moreover, announcements, circulars, publications and press releases of the Company are published on the Company's website (**www.grandtalentsgroup.com.hk**). The Company's website disseminates corporate information and other relevant financial and non-financial information electronically on a timely basis.

The Company acknowledges that general meetings are good communication channel with Shareholders and the Directors and the members of the Board committees are encouraged to attend and answer questions raised by Shareholders at the general meetings.

The Company is committed to promoting and maintaining effective communication with Shareholders and other stakeholders. The Board is committed to ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company so as to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders to engage actively with the Company.

During the Relevant Period, there had been no change in the Company's constitutional documents consisting of its Amended and Restated Memorandum of Association and its Amended and Restated Articles.

The Board hereby present the Directors' report and the consolidated financial statements for the year ended 31 March 2019.

LISTING ON GEM

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 October 2017.

The Company became the holding company of the Group upon the completion of the corporate reorganisation (the "**Reorganisation**"), details of which are set out in the section headed "History, Development and Reorganisation" in the Prospectus.

The shares of the Company (the "**Shares**") were listed on the GEM on 15 October 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in provision of civil engineering construction works of road and highway related infrastructures and repair and maintenance works for structures of roads and highways.

For the development, performance or position of the Group's business, details are set out in the section headed "Chairman's Statement" and the section headed "Management Discussion and Analysis" of this report.

For the principal financial risks and uncertainties facing the Company, details are set out in note 27 to the consolidated financial statements in this report.

(A) Compliance with laws and regulations

To the best knowledge and belief of the Directors, the Group's operation in Hong Kong has complied with the applicable laws and regulations in all material respects during the year ended 31 March 2019, and up to the date of this report.

(B) Key relationships with employees, customers and suppliers

The Directors are of the view that the Company has maintained good relationship with its employees, customers, suppliers and bankers.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are presented in the consolidated statement of profit or loss and other comprehensive income of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

SUMMARY FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group, as extracted from the Prospectus and the consolidated financial statements of the Company for the years ended 31 March 2016, 2017, 2018 and 2019 are set out in this report.

RELATED PARTY TRANSACTIONS

Kaiser Global (China) Company Limited (the "**Kaiser Global**"), a private company limited by shares, is wholly owned by Ms. Ha Tsit Hung, who is Mr. Ha's sister. Therefore, Kaiser Global is a connected person of our Company under the GEM Listing Rules. The principal business of Kaiser Global is trading of painting materials, antiskid road surfacing materials, and provision of related installation services.

For the years ended 31 March 2018 and 2019, the aggregate amount of purchase and service the Company paid to Kaiser Global in relation to the painting materials and antiskid road surfacing materials and related installation services amounted to approximately HK$482,000 and HK$243,000, respectively.

All these transactions are fully exempt from the reporting announcement, independent shareholders' approval, annual review and all other relevant disclosure requirements under Chapter 20 of the GEM Listing Rules.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 March 2019 are set out in note 25 to the consolidated financial statements in this report.

SHARE OPTION SCHEME

The terms of the share option scheme adopted by the Company on 21 September 2018 (the "**Share Option Scheme**") are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No options have been granted under the Share Option Scheme as at 31 March 2019, or as at the date of this annual report.

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Who may join and basis of eligibility

The Board may, at its absolute discretion, grant any full-time or part-time employee, consultant or adviser, director, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, or any person whom the Board considers has contribution or potential contribution to the development and growth of the Group, options to subscribe for ordinary shares in the capital of the Company ("**Shares**").

Maximum number of Shares

The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of all the Shares in issue upon the date on which the Shares are listed and permitted to be dealt in the Stock Exchange equivalent to 480,000,000 shares of the Company, which is 10% of the issued share capital of the Company as at the date of this annual report.

Maximum entitlement of each participant

Unless approved by shareholders, the total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant.

Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

Grant of options and acceptance of offers

The amount payable by a grantee to the Company on acceptance of the offer for the grant of an option is HK$1.00. An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years and shall expire on 21 September 2028.

Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Group give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with our fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2019.

DEBENTURE

No debenture was issued by the Company during the year ended 31 March 2019.

DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors and chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the date of this report, the Directors and chief executives of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV the SFO) which will have 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 in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:

(i) Interests in the Company

Name of Director	Capacity	Number of shares held *(Note 1)*	Percentage of interest in the Company
Mr. Ha *(Note 2)*	Interest of a controlled corporation	334,800,000 (L)	69.75%
Mr. Ip *(Note 2)*	Interest of a controlled corporation	334,800,000 (L)	69.75%
Mr. Lau *(Note 3)*	Interest of a controlled corporation	25,200,000 (L)	5.25%

Notes:

1. *The letter "L" denotes the person's long positions in the Shares.*

2. *Each of Mr. Ha and Mr. Ip beneficially owns 50% of the issued share capital of Talent Prime Group Limited. Therefore, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited for the purpose of the SFO. Mr. Ha, Mr. Ip and Talent Prime Group Limited are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 69.75% of the issued share capital of the Company upon completion of Share Offer. Mr. Ha and Mr. Ip are directors of Talent Prime Group Limited.*

3. *Mr. Lau beneficially owns the entire issued share capital of Infinite Honor Limited. Therefore, Mr. Lau is deemed to be interested in all the Shares held by Infinite Honor Limited for the purpose of the SFO. Mr. Lau is the sole director of Infinite Honor Limited.*

(ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding interest
Mr. Ha	Talent Prime Group Limited	Beneficial owner	50	50%
Mr. Ip	Talent Prime Group Limited	Beneficial owner	50	50%

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have 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 they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors.

(b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, as at the date of this report, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

Name of substantial shareholder	Capacity	Number of Shares *(Note 1)*	Percentage of interest in our Company
Talent Prime Group Limited	Beneficial owner	334,800,000 (L)	69.75%
Ms. Chung Ching Yan *(Note 2)*	Interest of spouse	334,800,000 (L)	69.75%
Ms. Lee Ming Ho *(Note 3)*	Interest of spouse	334,800,000 (L)	69.75%
Infinite Honor Limited	Beneficial owner	25,200,000 (L)	5.25%
Ms. Zhao Yue *(Note 4)*	Interest of spouse	25,200,000 (L)	5.25%

Notes:

1. *The letter "L" denotes the person's long positions in the Shares.*

2. *Ms. Chung Ching Yan is the spouse of Mr. Ha. Under the SFO, Ms. Chung is deemed, or taken to be, interested in the same number of Shares in which Mr. Ha is interested.*

3. *Ms. Lee Ming Ho is the spouse of Mr. Ip. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Ip is interested.*

4. *Ms. Zhao Yue is the spouse of Mr. Lau. Under the SFO, Ms. Zhao is deemed, or taken to be, interested in the same number of Shares in which Mr. Lau is interested for the purpose of the SFO.*

Save as disclosed above, so far as is known to the Directors, as at the date of this report, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares or debentures of the Company or any of its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

DIRECTORS AND THEIR SERVICE AGREEMENTS

The composition of the Board during the Reporting Period up to the date of this report is set out as follows.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 March 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Group or any other body corporate.

BOARD OF DIRECTORS

Executive Directors

Mr. Ha Chak Hung *(Chairman and executive Director)*
Mr. Ip Chu Shing *(Chief Executive Officer and executive Director)*
Mr. Han Shengjun *(appointed on 29 April 2019)*

Non-executive Director

Mr. Lau Yik Lok

Independent non-executive Directors

Ms. Tang Shui Man
Mr. Yuk Kai Yao
Dr. Fok Wai Sun

Each Director has entered into a service agreement or letter of appointment with the Company for initially a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party except Mr. Han Shengjun has entered into a service agreement for initially a fixed term of one year commencing from 29 April 2019 and will continue thereafter until terminated by either party giving not less than one month's written notice to the other party.

Biography details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

The Company has received an annual confirmation of independence from each INED pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers the INEDs to remain independent as at the date of this report.

None of the Directors has entered into any service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Change(s) in any of the information required to be disclosed pursuant to Rule 17.50A(1) is/are set out below:-

- Mr. Han Shengjun was appointed as executive director of the Company with effect from 29 April 2019;

EMOLUMENT OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emolument of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements in this report.

EMOLUMENTS OF SENIOR MANAGEMENT

The emoluments of the senior management of the Group for the year ended 31 March 2019 falls within the following band:

Emolument Band	**Number of Senior Management**
Nil to HK$1,000,000	4

EMOLUMENT POLICY

The remuneration committee of the Board will make recommendations on the remuneration of the Directors and senior management and to recommend members of the Board and determine, with delegated responsibilities, the remuneration package of individual Director and senior management. The remuneration committee regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as the transactions set out in note 11 to the consolidated financial statements in this report, the Group has not entered into any transaction, arrangement or contract that is significant in relation to the Group's business to which any of member of the Group was a party and in which a Director or a connected entity of that Director had, directly or indirectly, a material interest.

Saved as disclosed, there was no contract of significance between the Company or one of its subsidiaries on the one hand, and a controlling shareholder or any of its subsidiaries on the other, subsisting during or at the end of the year ended 31 March 2019.

Saved as disclosed, there was also no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during or at the end of the same period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Other than members of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

INTEREST OF CONTROLLING SHAREHOLDERS

Save as disclosed in this report, the Directors are not aware of any business or interest of the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2019.

MANAGEMENT CONTRACT

During the year ended 31 March 2019, neither the Company nor its subsidiaries has entered into a contract by which (a) a person undertakes the management and administration of the whole or any substantial part of the business of the Company; and (b) the contract is not a contract of service with any Director or any person engaged in the full-time employment of the Company.

MAJOR CUSTOMERS

For the year ended 31 March 2019, the Group's five largest customers accounted for approximately 88.3% of the total revenue of the Group and the largest customer of the Group accounted for approximately 36.6% of the total revenue.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers.

MAJOR SUPPLIERS

For the year ended 31 March 2019, the Group's five largest suppliers, accounted for approximately 19.6% of the cost of sales of the Group and the largest supplier of the Group accounted for approximately 7.5% of the cost of sales.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest suppliers.

CORPORATE GOVERNANCE

The corporate governance report of the Company for the year ended 31 March 2019 is set out of this report.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Pulsar Capital Limited ("**Pulsar Capital**"), as at 31 March 2019, save as the compliance adviser agreement entered into between the Company and Pulsar Capital neither Pulsar Capital nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the public float of the Company's issued securities is sufficient with at least 25% held by the public.

DISTRIBUTABLE RESERVES

At 31 March 2019, the Company's reserves available for distribution to its Shareholders, calculated in accordance with the laws of Hong Kong, amounted to approximately HK$17.4 million.

AUDITOR

The consolidated financial statements of the Company for the years ended 31 March 2019 and 2018 were audited by Deloitte. Deloitte will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting (the "**AGM**") of the Company. A resolution for their re-appointment as the auditor of the Company will be proposed at the AGM.

The financial statements of each of TMD and TMC for the year ended 31 March 2017 were audited by H.C. Wong & Co., Limited.

EVENTS AFTER THE REPORTING PERIOD

No events after the Reporting Period.

Mr. Ha Chak Hung
Chairman

Hong Kong, 27 June 2019

Deloitte. 德勤

TO THE MEMBERS OF GRAND TALENTS GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Grand Talents Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 42 to 103, 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, consolidated statement of changes in equity and 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue from civil engineering construction contracts and repair and maintenance works contracts	
We identified the revenue from civil engineering construction contracts and repair and maintenance works contracts as a key audit matter due to significant judgments involved in the management's assessment process. The Group recognised revenue from civil engineering construction contracts and repair and maintenance works contracts amounted to HK$22,763,000 and HK$85,560,000 respectively for the year ended 31 March 2019. As disclosed in note 4, revenue from civil engineering construction works and repair and maintenance works is recognised over time under output method which requires estimation made by the management of the Group on progress and outcome of the projects with reference to the payment certificates issued by the customers, payment applications, invoices and other information.	Our procedures in relation to the revenue from civil engineering construction contracts and repair and maintenance works contracts included: • Obtaining an understanding of the design and implementation and testing the operating effectiveness of key internal controls over the contract revenue recognition processes; • Discussing with the project managers to understand the status of completion of the civil engineering construction and repair and maintenance projects during the year, on a sample basis; • Verifying the reasonableness of the contract revenue by checking to the latest payment certificates issued by the customers, payment applications, invoices and other information before and after year end date for the work performed as at year end, on a sample basis; and • Assessing the reasonableness of the actual gross margin during the year by comparing with the budgeted gross margin of the civil engineering construction and repair and maintenance projects, on a sample basis.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of contract assets and trade receivables	
We identified impairment assessment of contract assets and trade receivables as a key audit matter due to the significance of contract assets and trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's contract assets and trade receivables at the end of the reporting period. As at 31 March 2019, as set out in notes 17 and 18 to the consolidated financial statements, the Group's contract assets and trade receivables amounting to HK\$31,255,000 and HK\$50,308,000, respectively and out of these trade receivables HK\$6,572,000 were past due. As explained in note 2.2 to the consolidated financial statements, in the current year, the Group adopted Hong Kong Financial Reporting Standard 9 "Financial Instruments" (HKFRS 9) and no additional impairment loss in respect of contract assets and trade receivables has been recognised as at 1 April 2018 in accordance with the transition provisions of HKFRS 9. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of contract assets and trade receivables individually based on internal credit rating. Internal credit rating has been given to each debtor after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information. The impairment loss amount of the contract assets and trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. As disclosed in note 28b to the consolidated financial statements, the Group recognised an additional amounts of HK\$960,000 and HK\$2,678,000 of impairment loss of contract assets and trade receivables, respectively for the year and the Group's lifetime ECL on contract assets and trade receivables as at 31 March 2019 amounted to HK\$960,000 and HK\$2,678,000, respectively.	Our procedures in relation to the impairment assessment of contract assets and trade receivables included: • Understanding key controls on how the management estimates the credit loss allowance for contract assets and trade receivables; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 1 April 2018 and 31 March 2019, including their identification of credit-impaired trade receivables and contract assets, the reasonableness of management's assignment of the internal credit rating to each debtor, and the basis of estimated loss rates applied; • Testing the reasonableness of internal credit rating given to each debtor by checking trade receivables aging analysis as at 1 April 2018 and 31 March 2019, historical observed default rates, repayment history and past due status of respective trade receivables by reviewing the relevant invoices, bank receipts and other supporting information, on a sample basis; • Assessing the reasonableness of the estimated loss rates by comparing the probability of default and loss given default with reference to external credit report and reviewing the adjustment for forward-looking information, on a sample basis; and • Evaluating the disclosures regarding the impairment assessment of contract assets and trade receivables in notes 2, 4 and 28b to the consolidated financial statements.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lam Sau Fung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	5	**108,323**	91,764
Cost of sales		**(79,397)**	(65,926)
Gross profit		**28,926**	25,838
Other income		**191**	489
Other gains and losses	6	**1,355**	189
Administrative expenses		**(12,108)**	(6,183)
Impairment loss under expected credit loss model		**(4,892)**	—
Listing expenses		**(8,315)**	(8,681)
Share of result of a joint venture		**—**	(1,254)
Finance costs	7	**(564)**	(333)
Profit before taxation		**4,593**	10,065
Income tax expense	8	**(2,670)**	(3,211)
Profit and total comprehensive income for the year attributable to owners of the Company	9	**1,923**	6,854
Earnings per share			
— Basic (HK cents)	13	**0.46**	1.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment	14	**4,963**	1,205
Interest in a joint venture	15	**—**	—
		4,963	1,205
Current assets			
Amounts due from customers for contract works	16	**—**	3,612
Contract assets	17	**31,255**	—
Trade and other receivables	18	**60,686**	50,068
Amounts due from directors	19	**—**	1,886
Amount due from a joint venture	19	**—**	3,628
Tax recoverable		**489**	—
Bank balances and cash	20	**18,492**	842
		110,922	60,036
Current liabilities			
Trade and other payables	21	**13,013**	16,624
Amount due to a related party	19	**243**	64
Bank borrowings	22	**12,739**	2,743
Tax payable		**453**	4,502
Obligations under finance leases	23	**89**	227
Bank overdraft	20	**9,975**	—
		36,512	24,160
Net current assets		**74,410**	35,876
Total assets less current liabilities		**79,373**	37,081
Non-current liabilities			
Obligations under finance leases	23	**115**	204
Deferred tax liability	24	**528**	57
		643	261
Net assets		**78,730**	36,820
Capital and reserves			
Share capital	25	**4,800**	78
Reserves		**73,930**	36,742
Total equity		**78,730**	36,820

The consolidated financial statements on pages 42 to 103 were approved and authorised for issue by the board of directors on 27 June 2019 and are signed on its behalf by:

Ha Chak Hung
DIRECTOR

Ip Chu Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company					
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 *(Note i)*	**Retained profits** HK$'000	**Non-controlling interest** HK$'000	**Total** HK$'000
At 1 April 2017	4,208	—	(2,751)	28,509	(7)	29,959
Profit and total comprehensive income for the year	—	—	—	6,854	—	6,854
Dividend recognised on distribution *(note 10)*	—	—	—	(14,000)	—	(14,000)
Allotment of shares *(note 1(ii))*	6	13,994	—	—	—	14,000
Allotment of shares *(note 1(iv) and (v))*	64	—	(64)	—	—	—
Effect of the Reorganisation *(note 1(iv) and (v))*	(4,200)	—	4,200	—	—	—
Deregistration of a subsidiary	—	—	—	—	7	7
At 31 March 2018	**78**	**13,994**	**1,385**	**21,363**	**—**	**36,820**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**1,923**	**—**	**1,923**
Arising from the Reorganisation *(note ii)*	**(78)**	**(13,994)**	**14,072**	**—**	**—**	**—**
Issuance of shares upon initial public offering *(note 25(d))*	**1,200**	**46,800**	**—**	**—**	**—**	**48,000**
Capitalisation issue of new shares *(note 25(e))*	**3,600**	**(3,600)**	**—**	**—**	**—**	**—**
Expenses incurred in connection with issuance of new shares	**—**	**(8,013)**	**—**	**—**	**—**	**(8,013)**
At 31 March 2019	**4,800**	**35,187**	**15,457**	**23,286**	**—**	**78,730**

Notes:

(i) *Other reserve represents (a) the deemed distribution to Ms. Wang Shen ("**Ms. Wang**"), mother of Mr. Ha Chak Hung ("**Mr. Ha**"), one of the Controlling Shareholders (as defined in note 1), and Mr. Ha and Mr. Ip Chu Shing ("**Mr. Ip**"), the directors of Talent Mark Development Limited ("**TMD**"), which arises from the differences between the fair values of the lower-than-market advances to each of them and the nominal amounts of the advances at initial recognition, and (b) share of deemed contribution of HK$1,011,000 by the non-controlling interest of Talent Tren Construction Limited ("**Talent Tren**") in respect of waiver of the amount due to TMD of the amount of HK$3,062,000 pursuant to a debt waiver agreement entered into between TMD and Talent Tren on 10 October 2016, and (c) the consideration in acquiring the entire equity interests of Talent Mart Construction Co., Limited ("**TMC**") and TMD by allotment and issuance of 4,000 and 4,200 ordinary shares with par value of US$1 each of China Talents Group Limited ("**China Talents**") to Talent Prime Group Limited ("**Talent Prime**") and the reclassification of share capital of TMD and TMC to other reserve, and (d) the reclassification of share capital of China Talents of HK$78,000 (equivalent to US$10,000) and share premium of China Talents of HK$13,994,000 to other reserve upon completion of the Reorganisation (as defined in note 1).*

(ii) *The amount represents the share capital and share premium of China Talents which is transferred to other reserve upon completion of the Reorganisation.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**4,593**	10,065
Adjustment for:		
Depreciation of plant and equipment	**1,340**	852
Impairment loss under expected credit loss model	**4,892**	—
Gain on deregistration of a subsidiary	**—**	(6)
Gain on disposal of plant and equipment	**(101)**	(183)
Share of result of a joint venture	**—**	1,254
Reversal of share of post-acquisition losses of a joint venture	**(1,254)**	—
Imputed interest income on amounts due from a related party and directors	**—**	(412)
Interest expenses	**564**	333
Bank interest income	**(63)**	(10)
Operating cash flows before movements in working capital	**9,971**	11,893
Increase in amounts due from customers for contract works	**—**	(1,492)
Increase in contract assets	**(22,391)**	—
Increase in trade and other receivables	**(22,198)**	(19,468)
Decrease in amount due from a joint venture	**—**	794
(Decrease) increase in trade and other payables	**(3,530)**	11,534
Increase in amount due to a related party	**179**	64
Cash (used in) generated from operations	**(37,969)**	3,325
Income tax paid	**(6,737)**	(2,951)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(44,706)**	374
INVESTING ACTIVITIES		
Advance to directors	**—**	(4,352)
Purchase of plant and equipment	**(4,967)**	(327)
Advance to a joint venture	**—**	(4,882)
Proceeds from disposal of plant and equipment	**120**	223
Repayment from directors	**1,886**	612
Interest received	**63**	10
Repayment from a joint venture	**3,628**	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**730**	(8,716)
FINANCING ACTIVITIES		
New bank borrowings raised	**19,279**	4,507
Repayment of bank borrowings	**(9,283)**	(2,720)
Proceeds from issuance of share upon initial public offering	**48,000**	—
Issue costs paid	**(5,404)**	(2,609)
Repayment to a related party	**—**	(1,232)
Repayment of obligations under finance leases	**(377)**	(223)
Interest paid	**(564)**	(333)
Proceeds from allotment of shares	**—**	10,500
NET CASH FROM FINANCING ACTIVITIES	**51,651**	7,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,675**	(452)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**842**	1,294
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by	**8,517**	842
Bank balances and cash	**18,492**	842
Bank overdraft	**(9,975)**	—
	8,517	842

1. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands (the "**Companies Law**") as an exempted company with limited liability on 23 October 2017. Its parent and ultimate holding company is Talent Prime, a limited liability company incorporated in the British Virgin Islands ("**the BVI**") on 5 July 2017. Its ultimate controlling parties are Mr. Ha and Mr. Ip who are also the directors of the Company.

The addresses of the registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1–1108, Cayman Islands and the principal place of business of the Company is located at Office 15, 9/F., Mega Cube, No. 8 Wang Kwong Road, Kowloon, Hong Kong.

In preparation of the listing of the Company, the Group underwent a group reorganisation (the "**Reorganisation**"). Prior to the Reorganisation, the entire equity interests of TMD and TMC were beneficially owned by two individuals, namely Mr. Ha and Mr. Ip collectively as the controlling shareholders (the "**Controlling shareholders**"). The Controlling Shareholders have been controlling TMD and TMC on a collective basis on decision making process over, including but not limited to, financial, management and operational matter of TMD and TMC and they have always been acting in concert.

The Reorganisation comprises the following steps:

(i) Talent Prime was incorporated in the BVI with limited liability on 5 July 2017.

(ii) China Talents was incorporated in the BVI with limited liability on 17 February 2017. Upon incorporation, 500 and 500 fully paid ordinary shares with a par value of US$1 each of China Talents were allotted and issued at par to Mr. Ha and Mr. Ip, respectively. On 31 July 2017, China Talents further allotted and issued 100 fully-paid ordinary shares to Talent Prime at a cash consideration of HK$7,000,000. On 31 August 2017, upon the settlement of the consideration of HK$7,000,000 as criterion set out in the subscription agreement, Infinite Honor Limited ("**Infinite Honor**"), an independent third party, obtained the equity interest in relation to 700 ordinary shares of China Talents representing 7% of the issued share capital of China Talents, while the allotment and issuance of the respective shares was made on 24 October 2017. A supplemental agreement was entered into by China Talents and Infinite Honor on 31 December 2017, to clarify the transfer of equity interest to Infinite Honor on 31 August 2017, despite the shares of China Talents were subsequently allotted and issued on a later date.

(iii) The Company was incorporated in the Cayman Islands on 23 October 2017. On the date of incorporation, one fully-paid share was allotted and issued at par of HK$0.01 each to the initial subscriber to the Company, which was subsequently transferred to Talent Prime on 23 October 2017. On the same date, the Company allotted and issued 99 fully-paid shares to Talent Prime.

(iv) On 24 October 2017, China Talents acquired the entire equity interest of TMC from Mr. Ha and Mr. Ip in consideration of the allotment and issuance of 4,000 ordinary shares of China Talents to Talent Prime. Upon completion, TMC became a wholly-owned subsidiary of China Talents.

1. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(v) Prior to 16 August 2011, Mr. Ha holds one share in TMD. On 16 August 2011, Mr. Ha transferred his one share in TMD to Ms. Wang. On 20 June 2013, TMD allotted 2,099,999 ordinary shares to each of Mr. Ip and Ms. Wang (who held the shares as nominee for Mr. Ha), respectively. Pursuant to a confirmatory deed signed between Mr. Ha and Ms. Wang on 24 October 2017, Mr. Ha has beneficially owned 50% of the issued capital of TMD during the period from 16 August 2011 to 24 October 2017. On 24 October 2017, Ms. Wang transferred 2,100,000 ordinary shares representing 50% of the issued capital of TMD to Mr. Ha at a consideration of HK$1. On the same date, China Talents acquired the entire equity interest of TMD from Mr. Ha and Mr. Ip in consideration of (i) transfer of 500 and 500 ordinary shares of China Talents held by Mr. Ha and Mr. Ip, respectively to Talent Prime and, (ii) allotment and issuance of 4,200 ordinary shares of China Talents to Talent Prime. Upon completion, TMD became a wholly-owned subsidiary of China Talents.

(vi) On 21 September 2018, the Company was interspersed between Talent Prime and China Talents by acquiring 10,000 ordinary shares, representing entire equity interest of China Talents, in consideration of allotting and issuing 9,200 and 700 ordinary shares of the Company to Talent Prime and Infinite Honor, respectively.

Upon the completion of the above steps, Talent Prime became the ultimate holding company of the Company which is not forming part of the Company and its subsidiaries (the "**Group**") upon completion of the Reorganisation on 21 September 2018. The Company became a holding company of the Group on the same date. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Since TMC and TMD were under common control by the Controlling Shareholders, the equity transfer of these companies as stated above, except for the subscription of interest of China Talents by Infinite Honor as stated in note (ii), have been accounted for as a business combination involving entries under common control using the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as if the transfers had been completed on 1 April 2017. Accordingly, the consolidated financial statements of the entities comprising the Group for the year ended 31 March 2018 and 2019 have been prepared as if the Company had always been the holding company of the Group.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended 31 March 2018 and 2019 have been prepared to present the results, changes in equity and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the years ended 31 March 2018 and 2019.

The consolidated statement of financial position of the Group as at 31 March 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence at those dates, taking into account the respective dates of incorporation, where applicable.

The shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 October 2018.

The Company is an investment holding company. The Group is principally engaged in provision of civil engineering construction works of road and highway related infrastructures and repair and maintenance works for structures of roads and highways. The principal activities of its subsidiaries are set out in note 34.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 *HKFRS 15 Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- civil engineering construction works
- repair and maintenance works

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3, respectively.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.1 *HKFRS 15 Revenue from Contracts with Customers (continued)*

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at 31 March 2018** HK$'000	**Reclassification** HK$'000	**Carrying amounts under HKFRS 15 at 1 April 2018*** HK$'000
Current assets				
Amounts due from customers for contract works	(a)	3,612	(3,612)	—
Contract assets	(a) & (b)	—	9,824	9,824
Trade and other receivables	(b)	50,068	(6,212)	43,856

* *The amounts in this column are before the adjustments from the application of HKFRS 9.*

Notes:

(a) *At the date of initial application, unbilled revenue of HK$3,001,000 arising from the civil engineering construction projects and HK$611,000 arising from repair and maintenance projects are conditional on the satisfaction by the customers on the work completed by the Group and the work is pending for the certification by the customers, and such balance was reclassified from amounts due from customers for contract works to contract assets.*

(b) *At the date of initial application, retention receivables of HK$1,219,000 arising from the civil engineering construction projects and HK$4,993,000 arising from repair and maintenance projects are conditional until the expiry of defect liability period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.*

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.1 *HKFRS 15 Revenue from Contracts with Customers* *(continued)*

Summary of effects arising from initial application of HKFRS 15 (continued)

Impact on the consolidated statement of financial position at 31 March 2019

	Notes	**As reported** HK$'000	**Adjustments** HK$'000	**Amounts without application of HKFRS 15** HK$'000
Current assets				
Amounts due from customers for contract works	(a)	—	23,779	23,779
Contract assets	(a) & (b)	31,255*	(31,255)	—
Trade and other receivables	(b)	60,686*	7,476	68,162

Impact on the consolidated statement of cash flows for the year ended 31 March 2019

	As reported HK$'000	**Adjustments** HK$'000	**Amounts without application of HKFRS 15** HK$'000
OPERATING ACTIVITIES			
Increase in amounts due from customers for contract works	—	(20,821)	(20,821)
Increase in contract assets	(22,391)*	22,391	—
Increase in trade and other receivables	(22,198)*	(1,570)	(23,768)

* *These amounts include the adjustments of impairment loss allowances of contract assets and trade receivables of HK$960,000 and HK$2,678,000, respectively upon the application of HKFRS 9.*

Notes:

(a) *Upon the application of HKFRS 15, unbilled revenue of HK$14,588,000 (net of impairment loss of HK$290,000) arising from civil engineering construction projects and HK$9,191,000 (net of impairment loss of HK$364,000) arising from repair and maintenance projects are conditional upon satisfaction by the customers on the work completed by the Group and the work is pending for the certification by the customers. The adjustment relates to reclassification from contract assets to amounts due from customers for contract works if HKAS 18 were applied.*

(b) *Upon the application of HKFRS 15, retention receivables of HK$2,022,000 (net of impairment loss of HK$79,000) arising from civil engineering construction projects and HK$5,454,000 (net of impairment loss of HK$227,000) arising from repair and maintenance projects are conditional until the expiry of defect liability period as stipulated in the contracts. The adjustment relates to reclassification from contract assets to trade and other receivables if HKAS 18 were applied.*

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.2 *HKFRS 9 Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 9

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. Except for those which had been determined as credit impaired under HKAS 39, contract assets and trade receivables have been assessed individually based on internal credit rating. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the contract assets and the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including loan to a joint venture, amounts due from directors, amount due from a joint venture, other receivables and bank balances, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, there is no significant impact arising from initial application of HKFRS 9 and no additional impairment loss has been recognised against retained profits.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 *Effective for annual periods beginning on or after 1 January 2019*
2 *Effective for annual periods beginning on or after 1 January 2021*
3 *Effective for annual periods beginning on or after a date to be determined*
4 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*
5 *Effective for annual periods beginning on or after 1 January 2020*

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

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

HKFRS 16 Leases *(continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, and upfront prepaid lease payments will continue to be presented as investing cash flow.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$65,000 as disclosed in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will elect to apply the practical expedient to account for those leases in the same way as short-term leases to leases which the lease term ends within 12 months of the date of initial application.

In addition, the Group currently considers refundable rental deposits paid of HK$78,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements will result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

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

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

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interests held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An interest in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the interest in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in a joint venture *(continued)*

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) *(continued)*

Revenue from civil engineering construction works and repair and maintenance work are recognised over time since the Group's performance creates or enhances an asset that the customer controls as the Group performs.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (prior to 1 April 2018) *(continued)*

Civil engineering construction works and repair and maintenance works

Where the outcome of a contract including civil engineering construction works and repair and maintenance works can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured based on the proportion that the surveys of works performed during the year except where this would not be representative of the stage of completion. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related works is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for works performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Foreign currencies

In preparing the consolidated financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (the "**MPF Scheme**") in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating-units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

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

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

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

All of the Group's financial assets are subsequently measured at amortised cost.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2)

The Group recognises an impairment loss for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, amounts due from directors, amount due from a joint venture, loan to a joint venture and bank balances) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (continued)

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (continued)

(v) Measurement and recognition of ECL (continued)

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

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

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from directors, amount due from a joint venture, loan to a joint venture and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured with amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, amount due to a related party, bank borrowings and bank overdraft, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (when the effect of the time value of money is material).

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

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

Estimated revenue of civil engineering construction works and repair and maintenance works

Revenue from civil engineering construction works and repair and maintenance works is recognised over time under output method which requires estimation made by the management of the Group on progress and outcome of the projects with reference to the payment certificates issued by the customers, payment applications, invoices and other information. The management's estimate of revenue and the completion status of contract works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The civil engineering construction works and repair and maintenance works performed by the Group would also be certified by the customers periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each contract as the contract progresses based on the internal progress reports.

Impairment assessment of contract assets and trade receivables

The management of the Group estimates the amount of lifetime ECL of contract assets and trade receivables individually based on internal credit rating. Internal credit rating has been given to each debtor after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information. The impairment loss amount of the contract assets and trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The Group recognised an additional amounts of HK$960,000 and HK$2,678,000 of impairment loss of contract assets and trade receivables, respectively for the year and the Group's lifetime ECL on contract assets and trade receivables as at 31 March 2019 amounted to HK$960,000 and HK$2,678,000, respectively.

The measurement of ECL is sensitive to changes in estimates. The information about the Group's contract assets, trade receivables and the ECL are disclosed in notes 17, 18 and 28b respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of civil engineering construction works and repair and maintenance works.

Disaggregation of revenue from contracts with customers

	2019 HK$'000
Type of services	
Civil engineering construction works	22,763
Repair and maintenance works	85,560
	108,323

Performance obligations for contracts with customers

The Group provides civil engineering construction works and repair and maintenance works to customers. Such works are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the Group performs. Revenue is recognised for these contract works based on the stage of completion of the contract using output method. Contracts with the Group's customers are agreed in fixed-price.

The Group's contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached.

A contract asset is recognised over the period in which the contract services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

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

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Transaction price allocated to the remaining performance obligation for contracts with customers

Transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) for contracts with customers that remain outstanding as at reporting date and the expected timing at recognising revenue is set out below:

	2019 HK$'000
Civil engineering construction works	
— Within one year	11,810
— More than one year but not more than two years	5,158
	16,968

All provision of repair and maintenance works are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"), Mr. Ha and Mr. Ip, the executive directors, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. Information reported to CODM is based on business line operated by the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

(i) Civil engineering construction works — Provision of civil engineering construction works of road and highway related infrastructures

(ii) Repair and maintenance works — Provision of repair and maintenance works for structures of roads and highways

The Group's CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the Group's CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2019

	Civil engineering construction works HK$'000	Repair and maintenance works HK$'000	Total HK$'000
Segment revenue			
External sales	**22,763**	**85,560**	**108,323**
Segment results	**2,342**	**22,946**	**25,288**
Other income			**191**
Other gains and losses			**1,355**
Administrative expenses			**(12,108)**
Impairment loss on loan to a joint venture			**(1,254)**
Listing expenses			**(8,315)**
Finance costs			**(564)**
Profit before taxation			**4,593**

For the year ended 31 March 2018

	Civil engineering construction works HK$'000	Repair and maintenance works HK$'000	Total HK$'000
Segment revenue			
External sales	16,560	75,204	91,764
Segment results	2,071	23,767	25,838
Other income			489
Other gains and losses			189
Administrative expenses			(6,183)
Listing expenses			(8,681)
Share of result of a joint venture			(1,254)
Finance costs			(333)
Profit before taxation			10,065

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results mainly represented gross profit earned by each segment without allocation of other income, other gains and losses, administrative expenses, impairment loss on loan to a joint venture, listing expenses, share of result of a joint venture and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographical information

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

Information about major customers

Revenue from customers for the year individually contributing over 10% of the Group's revenue is as follows:

	2019 **HK$'000**	2018 HK$'000
Customer A[1]	**N/A[3]**	18,962
Customer B[1]	**23,666**	18,197
Customer C[1]	**N/A[3]**	16,426
Customer D[2]	**19,341**	15,452
Customer E[1]	**N/A[3]**	11,388
Customer F[1]	**39,700**	—

1 *Revenue from repair and maintenance works.*

2 *Revenue from civil engineering construction works.*

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

6. OTHER GAINS AND LOSSES

	2019 **HK$'000**	2018 HK$'000
Gain on disposal of plant and equipment	**101**	183
Gain on deregistration of a subsidiary	**—**	6
Reversal of share of post-acquisition losses of a joint venture	**1,254**	—
	1,355	189

7. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interests on bank borrowings and bank overdraft	**534**	296
Interests on obligations under finance leases	**30**	37
	564	333

8. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax		
Current year	**2,199**	3,214
Deferred tax *(note 24)*	**471**	(3)
	2,670	3,211

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. In addition, two subsidiaries of the Company operating in Hong Kong enjoyed tax concessions for year of assessment 2018/19, under which the Hong Kong Profits Tax was reduced by 75%, subject to a ceiling of HK$20,000 (2018: HK$30,000) per case.

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 rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

	2019 HK$'000	2018 HK$'000
Profit before taxation	**4,593**	10,065
Tax at Hong Kong Profits Tax rate of 16.5%	**758**	1,661
Tax effect of share of result of a joint venture	**—**	207
Tax effect of expenses not deductible for tax purpose	**2,351**	1,473
Tax effect of income not taxable for tax purpose	**(234)**	(70)
Tax effect of profit under tax concessions	**(40)**	(60)
Tax concession under two-tiered tax rate regime	**(165)**	—
Income tax expense for the year	**2,670**	3,211

9. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Directors' remuneration		
Fees	252	—
Salaries and other allowances	1,326	800
Retirement benefits scheme contributions	48	68
	1,626	868
Other staff costs:		
Salaries and other allowances	25,880	13,663
Retirement benefits scheme contributions	1,080	561
Total staff costs	28,586	15,092
Auditor's remuneration	1,040	300
Minimum operating lease rentals in respect of office premises	311	224
Depreciation of plant and equipment	1,340	852
Imputed interest income on amounts due from a related party and directors	—	(412)
Bank interest income	(63)	(10)

10. DIVIDEND

On 30 September 2017, an interim dividend of HK$7,000,000 was recognised as distribution by TMD to its then shareholders namely, Mr. Ha and Mr. Ip. On 30 March 2018, an interim dividend of HK$7,000,000 was recognised as distribution by China Talents to its then shareholders namely, Talent Prime and Infinite Honor. On the same date, Infinite Honor waived its rights to such dividend of HK$490,000 and agreed that Talent Prime should be entitled to Infinite Honor's share of such dividend. The dividend payable by China Talents to Talent Prime of HK$7,000,000 was set off against the amount due from Mr. Ha as disclosed in note 35.

The rate of dividend and number of shares ranking for the above dividend are not presented as such information is not meaningful having regard to the purpose of the consolidated financial statements.

Other than the above, no other dividend is paid or proposed by the Company since its incorporation or by group entities during the year and up to the date of issuance of these consolidated financial statements.

11. DIRECTORS' EMOLUMENTS

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

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019				
Executive directors:				
Mr. Ha	—	663	18	681
Mr. Ip	—	663	18	681
Non-executive director:				
\Mr. Lau Yik Lok ("**Mr. Lau**")	63	—	3	66
Independent non-executive directors:				
Ms. Tang Shui Man ("**Ms. Tang**")	63	—	3	66
Mr. Yuk Kai Yao ("**Mr. Yuk**")	63	—	3	66
Dr. Fok Wai Sun ("**Dr. Fok**")	63	—	3	66
Total	252	1,326	48	1,626

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2018				
Executive directors:				
Mr. Ha	—	400	34	434
Mr. Ip	—	400	34	434
Non-executive director:				
Mr. Lau	—	—	—	—
Total	—	800	68	868

Both Mr. Ha and Mr. Ip were also directors of certain subsidiaries of the Company during the year and the Group paid emoluments to them in their capacity as directors of these subsidiaries of the Company before their appointment as the executive directors of the Company on 23 October 2017. Mr. Lau was appointed as the non-executive director of the Company on 15 December 2017. Mr. Ip was appointed as the chief executive officer of the Company on 21 September 2018. Ms. Tang, Mr. Yuk and Dr. Fok were appointed as independent non-executive directors of the Company on 21 September 2018.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company (since its incorporation) and the Group.

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

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

None of the directors waived or agreed to waive any emoluments during the year.

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group during the year included two directors (2018: two directors). Details of whose emoluments are set out in note 11 above. Details of the emoluments of the remaining three (2018: three) highest paid non-directors individuals for the year, are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	1,551	1,427
Discretionary bonus	50	84
Retirement benefits scheme contributions	51	54
	1,652	1,565

Discretionary bonus was determined with reference of the Group's operating result and individual performance for such financial year.

The emoluments were within the following band:

	2019 No of individuals	2018 No of individuals
Nil to HK$1,000,000	3	3

During both years, no emoluments were paid by the Group to the remaining three (2018: three) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	1,923	6,854

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	415,233	349,506

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 25) had been effective on 1 April 2017.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

14. PLANT AND EQUIPMENT

	Construction equipment HK$'000	Furniture, fixtures and equipment HK$'000	Computer HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2017	1,605	528	128	1,456	3,717
Additions	78	51	17	682	828
Disposal	—	(20)	—	(548)	(568)
At 31 March 2018	1,683	559	145	1,590	3,977
Additions	1,392	187	29	3,509	5,117
Disposal	—	—	—	(155)	(155)
At 31 March 2019	**3,075**	**746**	**174**	**4,944**	**8,939**
DEPRECIATION					
At 1 April 2017	897	268	63	1,220	2,448
Provided for the year	412	95	24	321	852
Eliminated on disposal	—	(6)	—	(522)	(528)
At 31 March 2018	1,309	357	87	1,019	2,772
Provided for the year	500	118	28	694	1,340
Eliminated on disposal	—	—	—	(136)	(136)
At 31 March 2019	**1,809**	**475**	**115**	**1,577**	**3,976**
CARRYING VALUES					
At 31 March 2019	**1,266**	**271**	**59**	**3,367**	**4,963**
At 31 March 2018	374	202	58	571	1,205

The above items of plant and equipment are depreciated over their estimated useful lives, after taking into account of their estimated residual value, using straight-line method, at the following rates per annum:

Construction equipment	30%
Furniture, fixtures and equipment	20%
Computer	20%
Motor vehicles	30%

Motor vehicles with carrying amount of HK$188,000 (2018: HK$356,000) are under finance leases arrangement (note 23).

15. INTEREST IN A JOINT VENTURE

Details of the Group's interest in a joint venture is as follows:

	2019 HK$'000	2018 HK$'000
Cost of investment in a joint venture	5	5
Share of post-acquisition losses and other comprehensive expense	(5)	(5)
	—	—
Loan to a joint venture *(Note)*	—	1,254
Less: share of post-acquisition losses that are in excess of the cost of the investment	—	(1,254)
	—	—

Details of the Group's joint venture at the end of each reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group 2019	Proportion of ownership interest held by the Group 2018	Proportion of voting rights held by the Group 2019	Proportion of voting rights held by the Group 2018	Principal activities
Talent Global Development Limited ("**Talent Global**")	Hong Kong	Hong Kong	50%	50%	50%	50%	Provision of repair and maintenance works for structures of roads and highways

Note: The loan to a joint venture is non-trade in nature, unsecured, interest free and repayable on demand. During the year, the Group agreed to waive the loan to a joint venture of HK$1,254,000. A gain on reversal of share of post-acquisition losses and an impairment loss of HK$1,254,000 have been recognised as disclosed in notes 6 and 28b, respectively.

Summarised financial information of the joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's management accounts (2018: audited financial statements) prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in the consolidated financial statements.

15. INTEREST IN A JOINT VENTURE *(continued)*

Talent Global

	2019 HK$'000	2018 HK$'000
Current assets	**10**	3,638
Current liabilities	**(1,281)**	(6,137)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**10**	12
Current financial liabilities (excluding other payables)	**(1,281)**	(6,137)

	2019 HK$'000	2018 HK$'000
Revenue	**—**	—
Loss and total comprehensive expense for the year	**(26)**	(10)
The unrecognised share of loss of a joint venture for the year	**(13)**	—
Cumulative unrecognised share of loss of a joint venture	**(13)**	—

16. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2018 HK$'000
Contracts in progress at the end of the reporting period:	
Contract costs incurred plus recognised profit less recognised loss	25,305
Less: Progress billings	(21,693)
	3,612

17. CONTRACT ASSETS

	At 31 March 2019 HK$'000	At 1 April 2018* HK$'000
Unbilled revenue	**24,433**	3,612
Retention receivables	**7,782**	6,212
	32,215	9,824
Less: impairment loss	**(960)**	—
	31,255	9,824

* *The amounts in this column are after the adjustments from the application of HKFRS 15.*

The significant increase in contract assets of the Group during the year is primarily due to commencement of new projects during the year but not yet certified by the respective project employers, which resulted in an increase in unbilled revenue and retention receivables at the end of the year.

Notes:

(a) *Unbilled revenue of HK$14,588,000 (2018: HK$3,001,000) (net of impairment loss of HK$290,000 (2018: Nil)) and HK$9,191,000 (2018: HK$611,000) (net of impairment loss of HK$364,000 (2018: Nil)) in respect of civil engineering construction projects and repair and maintenance projects included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the right is conditional upon the satisfaction by the customers on the contract work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed contract work from the customers or external surveyors.*

(b) *Retention receivables of HK$2,022,000 (2018: HK$1,219,000) (net of impairment loss of HK$79,000 (2018: Nil)) and HK$5,454,000 (2018: HK$4,993,000) (net of impairment loss of HK$227,000 (2018: Nil)) in respect of civil engineering construction projects and repair and maintenance projects included in contract assets represents the Group's right to receive the receivables because the right is conditional until the expiry of defect liability period. The retention receivables are transferred to the trade receivables when the rights become unconditional. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from 1 to 2 years from the date of the completion of the respective project. The Group does not hold any collateral over these balances.*

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

Details of the impairment assessment of contract assets for the year ended 31 March 2019 are set out in note 28.

18. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	52,986	37,737
Less: impairment loss	(2,678)	—
	50,308	37,737
Retention receivables	—	6,212
Other receivables, deposits and prepayments *(Note)*	10,378	3,429
Deferred listing expenses	—	2,690
Total trade and other receivables	60,686	50,068

Note: Other receivables, deposits and prepayments mainly represented the prepayment for construction materials, advance payments to sub-contractors, utility deposits for work sites and prepayment for a consulting fee for strategic business development and investor relations.

Trade receivables

The Group recognises trade receivables upon issuance of payment application/invoice. The payment certificates will generally be issued by project employer one month to ten months after the issuance of payment application/invoice for billing purpose and the credit term granted to customers is generally 30 to 45 days from the date of issuance of payment application/invoice or payment certificate.

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$50,308,000 and HK$37,737,000, respectively.

The following is an aged analysis of trade receivables, net of impairment loss, presented based on date of payment application/invoice at the end of each reporting period:

	2019 HK$'000	2018 HK$'000
0–30 days	12,858	21,208
31–60 days	10,361	8,327
61–90 days	7,251	448
91–180 days	9,096	1,928
181–365 days	8,857	3,651
> 365 days	1,885	2,175
	50,308	37,737

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the historical and periodic repayments records and continuous business relationship with those customers.

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$6,572,000 which are past due as at the reporting date. Out of the past due balances, HK$4,729,000 has been past due 180 days or more and is not considered as default due to long-term on-going relationship with and past payment history of these debtors.

18. TRADE AND OTHER RECEIVABLES *(continued)*

Trade receivables *(continued)*

As at 31 March 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$2,194,000 which are past due as at the reporting date for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history. No allowance for doubtful debt was made at 31 March 2018.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

The Group's trade receivables that are neither past due nor impaired related to customers for whom there was no recent history of default.

Aging of trade receivables which are past due but not impaired and are based on credit term granted to customers.

	2018 HK$'000
31–60 days	940
61–90 days	392
> 90 days	862
	2,194

Retention receivables

Retention receivables are unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts, ranging from 1 to 2 years from the date of the completion of the respective projects.

The following is an aged analysis of retention receivables which are to be settled, based on the expiry of the defects liability period, at the end of the reporting period:

	2019 **HK$'000**	2018 HK$'000
Within one year	—	6,212

At 31 March 2018, the Group's retention receivables balances with aggregate carrying amount of HK$6,212,000 are not yet due. The Group did not hold any collateral over these balances. In determining the recoverability of retention receivables at 31 March 2018, the Group considers any change in the credit quality of the retention receivables from the date that credit was initially granted up to the end of the reporting period.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in note 28.

19. AMOUNTS DUE FROM (TO) DIRECTORS/A JOINT VENTURE/A RELATED PARTY

The Group

	As at 31 March		Maximum balances outstanding for the year ended 31 March	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount due to a related party				
Kaiser Global (China) Company Limited ("**Kaiser Global**") *(Note a)*	**243**	64		
Amount due from a joint venture *(Note b)*	**—**	3,628		
Amounts due from directors *(Note b)*				
Mr. Ha	**—**	972	**972**	7,972
Mr. Ip	**—**	914	**914**	4,343
	—	1,886		

Notes:

a. *Kaiser Global is controlled by a sister of Mr. Ha, a director of the Company. The amount due to Kaiser Global is trade in nature, interest-free, repayable on demand and has a credit term of 30 days.*

The following is an ageing analysis of the amount due to Kaiser Global with trade nature presented based on the invoice dates at the end of each reporting period.

	2019	2018
	HK$'000	HK$'000
0–30 days	**243**	—
31–60 days	**—**	—
> 90 days	**—**	64
	243	64

b. *The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.*

20. BANK BALANCES AND CASH/BANK OVERDRAFT

Bank balances and cash comprise bank balances and cash on hand. Included in the bank balances as at 31 March 2019, was a time deposit of HK$10,060,000 (2018: Nil) with original maturity of less than three months carrying a fixed-rate interest of 2.15%. The remaining bank balances carry interest at prevailing market interest rate at 0.13% (2018: 0.05%) per annum.

Bank overdraft carries interest at market rate of 3.15% (2018: Nil) per annum.

21. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	7,526	11,251
Retention payables	751	656
Accrued expenses	1,376	430
Accrued payroll expenses	3,360	2,220
Accrued listing expenses and issue costs	—	2,061
Other payables	—	6
Total trade and other payables	13,013	16,624

Trade payables

The average credit period on trade payables is 30 days. The following is an aged analysis of trade payables presented based on the date of invoices/payment certificates at the end of each reporting period:

	2019 HK$'000	2018 HK$'000
0–30 days	2,683	8,097
31–60 days	794	723
61–90 days	946	767
> 90 days	3,103	1,664
	7,526	11,251

Retention payables

The retention payables are to be settled within 1 year, based on the expiry of defects liability period, at the end of each reporting period.

The following is an aged analysis of retention payables presented based on the dates of invoices/payment certificates at the end of each reporting period:

	2019 HK$'000	2018 HK$'000
Within one year	751	656

22. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Unsecured variable-rate loans	**12,739**	—
Unsecured fixed-rate loans	**—**	2,743
	12,739	2,743
Carrying amounts repayable (*note*):		
On demand or within one year	**12,739**	2,222
More than one year, but not exceeding two years	**—**	521
Amount shown under current liabilities	**12,739**	2,743

The unsecured variable-rate bank borrowings as at 31 March 2019 carry interest at a range from 4.6% to 7.1% per annum.

The unsecured fixed-rate bank borrowings as at 31 March 2018 carry interest at a range from 5.8% to 6.6% per annum.

Note: All unsecured bank borrowings contain a repayment on demand clause and were shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

23. OBLIGATIONS UNDER FINANCE LEASES

The Group leased its motor vehicles under finance leases with terms of five years during the year. The effective interest rate is 5.03% (2018: 7.07%) per annum. Interest rates are fixed at respective contract dates.

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Obligations under finance leases				
Within one year	**97**	244	**89**	227
Within a period of more than one year but not more than two years	**75**	97	**72**	89
Within a period of more than two years but not more than five years	**44**	119	**43**	115
	216	460	**204**	431
Less: future finance charges	**(12)**	(29)	**N/A**	N/A
Present value of lease obligations	**204**	431	**204**	431
Less: Amount due for settlement within twelve months (shown under current liabilities)			**(89)**	(227)
Amount due for settlement after twelve months (shown under non-current liabilities)			**115**	204

23. OBLIGATIONS UNDER FINANCE LEASES *(continued)*

As at 31 March 2018, the Group's obligations under finance leases of HK$80,000 were guaranteed by Mr. Ip. The guarantee was released during the year ended 31 March 2019.

24. DEFERRED TAX LIABILITY

The following is the deferred tax liability arising from accelerated tax depreciation recognised by the Group and movement thereon during the year:

	HK$'000
At 1 April 2017	60
Credit to the profit or loss for the year *(note 8)*	(3)
At 31 March 2018	57
Charge to the profit or loss for the year *(note 8)*	471
At 31 March 2019	528

25. SHARE CAPITAL

The issued capital of the Group as at 1 April 2017 represented the combined share capital of the TMD of HK$4,200,000, TMC of HK$2 and China Talents of US$1,000. The issued capital of the Group as at 31 March 2018 represented the combined share capital of the Company of HK$1 and China Talents of US$10,000.

The share capital at 31 March 2019 represented the share capital of the Company.

	Notes	**Number of ordinary shares of HK$0.01 each**	**Amount**
			HK$
Authorised			
At 23 October 2017 (date of incorporation) and at 31 March 2018	(a)	38,000,000	380,000
Increase on 21 September 2018	(b)	962,000,000	9,620,000
At 31 March 2019		1,000,000,000	10,000,000

25. SHARE CAPITAL *(continued)*

	Notes	**Number of ordinary shares of HK$0.01 each**	**Amount**
			HK$
Issued and fully paid			
At 23 October 2017 (date of incorporation) and at 31 March 2018	(a)	100	1
Issue of shares upon the Reorganisation on 21 September 2018	(c)	9,900	99
Issuance of shares upon initial public offering	(d)	120,000,000	1,200,000
Capitalisation issue of new shares	(e)	359,990,000	3,599,900
At 31 March 2019		480,000,000	4,800,000

The following changes in the share capital of the Company took place during the period from 23 October 2017 (date of incorporation) to 31 March 2019.

(a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 October 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 shares at a par value of HK$0.01 each. On the date of incorporation, one fully-paid share was allotted and issued at par of HK$0.01 each to the initial subscriber to the Company, which was subsequently transferred to Talent Prime on 23 October 2017. On the same date, the Company allotted and issued 99 fully-paid shares to Talent Prime.

(b) On 21 September 2018, the Company resolved to increase its authorised share capital from HK$380,000 to HK$10,000,000 by the creation of additional 962,000,000 shares.

(c) On 21 September 2018, the Company allotted and issued 9,200 and 700 shares, credited as fully paid, to Talent Prime and Infinite Honor, respectively, in consideration for the acquisition of the entire issued share capital in China Talents. The new shares rank pari passu with the then existing shares of the Company in all respects.

(d) On 15 October 2018, 120,000,000 ordinary shares of HK$0.01 each of the Company were allotted and issued at the price of HK$0.40 per share by way of public offering.

(e) The directors were authorised to allot and issue a total of 359,990,000 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the close of business on 21 September 2018 in proportion to their shareholdings by way of capitalisation of the sum of HK$3,599,900 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"), and the shares to be allotted and issued pursuant to this resolution rank pari passu with the then existing shares of the Company in all respects.

26. SHARE OPTIONS SCHEME

The share option scheme was conditionally adopted pursuant to the written resolutions of the shareholders passed on 21 September 2018 (the "**Adoption Date**"). The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. This will be in accordance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations.

26. SHARE OPTIONS SCHEME *(continued)*

The share option scheme will remain in force for a period of ten years commencing on the Adoption Date.

The directors may grant any employee, director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe shares in accordance with the terms of the share option scheme.

The maximum number of shares issuable upon exercise of all options to be granted under the share option scheme must not in aggregate exceed 10% of all the shares in issue as at the listing date. Therefore, it is expected that the Company may grant options in respect of up to 48,000,000 shares to the participants under the share option scheme.

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme must not exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of options granted under the share option scheme in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

An option may be exercised in accordance with the terms of the share option scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant.

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

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

No share options have been granted, exercised or cancelled by the Company under the scheme since its adoption.

27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowings, obligations under finance leases and bank overdraft disclosed in notes 22, 23 and 20, respectively, and equity attributable to owners of the Group, comprising issued share capital, share premium, other reserve and retained profits.

The management of the Group reviews the capital structure on a continuous basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends or new share issues as well as the issue of new debts and redemption of existing debts.

28. FINANCIAL INSTRUMENTS

28a. Categories of financial instruments

	2019	2018
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost	**68,876**	—
Loans and receivables (including cash and cash equivalents)	**—**	50,305
Financial liabilities		
Amortised cost	**31,234**	14,720
Obligations under finance leases	**204**	431

28b. Financial risk management objectives and policies

The Group's financial instruments include loan to a joint venture, trade receivables, other receivables, amounts due from directors, amount due from a joint venture, bank balances and cash, trade and other payables, amount due to a related party, bank borrowings, obligations under finance leases and bank overdraft.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank overdraft and bank borrowings as set out in notes 20 and 22, respectively. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank deposit, bank borrowings and obligations under finance leases as set out in notes 20, 22 and 23, respectively. The Group currently does not have an interest rate hedging policy. The directors monitor the Group's exposures on an ongoing basis and will consider hedging the interest rate should the need arises.

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Interest rate risk *(continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of bank balances, bank overdraft and bank borrowings outstanding at the end of the reporting period was outstanding for the whole year. 25 basis points, 50 basis points and 50 basis points (2018: 25 basis points, 50 basis points and 50 basis points) increase or decrease are used on bank balances, bank overdraft and bank borrowings, respectively when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on bank balances had been 25 basis points (2018: 25 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by HK$21,000 (2018: HK$2,000).

If interest rates on bank overdraft had been 50 basis points (2018: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK$50,000 (2018: Nil).

If interest rates on bank borrowings had been 50 basis points (2018: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK$58,000 (2018: Nil).

Credit risk and impairment assessment

As at 31 March 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position.

The Group is exposed to concentration of credit risk as at 31 March 2019 on contract assets and trade receivables (2018: amounts due from customers for contract works, trade receivables and retention receivables) from the Group's 3 major customers amounting to HK$62,937,000 (2018: HK$25,420,000) and accounted for 77% (2018: 53%), of the Group's total contract assets and trade receivables (2018: amounts due from customers for contract works, trade receivables and retention receivables). In the opinion of the management of the Group, the major customers of the Group are certain reputable and sizable companies in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard. Other than concentration of credit risk on contract assets, trade receivables and retention receivables, the Group has concentration of credit risk on amounts due from directors and a joint venture. Amounts due from directors amounted to Nil (2018: HK$1,886,000) and amount due from a joint venture amounted to Nil (2018: HK$3,628,000). The management of the Group reviews the recoverable amounts of amounts due from directors and a joint venture at the end of the reporting period to ensure adequate credit loss allowances are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition, the management of the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances and contract assets individually. Internal credit rating has been given to each debtor after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables and contract assets. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort and trade receivables and contract assets with credit impaired were assessment individually.

The management of the Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The management of the Group reviews the recoverable amount of these receivables and contract assets at the end of the reporting period.

Bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group is exposed to concentration of credit risk on liquid funds which are deposited with serval banks with high credit ratings.

Other receivables

For the purposes of internal credit risk management on other receivables, the management of the Group considers the financial capacity of the debtors to assess whether credit risk has increased significantly since initial recognition. No impairment loss was recognised on other receivables as the Group concluded that credit risk inherent in the outstanding balances is insignificant.

Loan to a joint venture

The Group was exposed to credit risk on loan to a joint venture. The management of the Group makes assessment on the recoverability on loan to a joint venture based on historical settlement records and past experience. During the current year, the Group recognised impairment loss and has written off the loan to a joint venture as the loan was waived by the Group.

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

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

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

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

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

2019	Notes	External credit rating	Internal credit rating	12-month or Lifetime ECL	Average loss rate	Gross carrying amount
						HK$'000
Financial assets at amortised cost						
Contract assets	17	N/A	Low risk (*Note 1*)	Lifetime ECL — not credit-impaired	2.30%	28,936
			Watch list (*Note 1*)	Lifetime ECL — not credit-impaired	5.12%	2,420
			Doubtful (*Note 1*)	Lifetime ECL — not credit-impaired	19.87%	859
						32,215
Trade receivables	18	N/A	Low risk (*Note 1*)	Lifetime ECL — not credit-impaired	2.77%	44,794
			Watch list (*Note 1*)	Lifetime ECL — not credit-impaired	5.12%	4,621
			Doubtful (*Note 1*)	Lifetime ECL — not credit-impaired	19.87%	2,958
			Loss (*Note 1*)	Lifetime ECL — credit-impaired	100.00%	613
						52,986
Other receivables	18	N/A	Low risk (*Note 2*)	12m ECL	N/A	76
Bank balances	20	Baa1 to Aa2	N/A	12m ECL	N/A	18,376

Notes:

1. *For contract assets and trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the impairment loss using lifetime ECL. The Group assessed the expected credit losses for each debtor individually.*

2. *For the purposes of internal credit risk management, the Group considers the financial capacity of the debtors to assess whether credit risk has increased significantly since initial recognition. In determining the ECL for other receivables, the Group has given internal credit rating to each debtor after considering the historical default experience, repayment history and forward-looking information, as appropriate, and concluded that credit risk inherent in the outstanding balances are insignificant.*

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

During the year ended 31 March 2019, the Group provided HK$2,678,000 and HK$960,000 impairment loss for trade receivables and contract assets, respectively. Trade receivables of HK$613,000 is considered to be credit-impaired during the year ended 31 March 2019.

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

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-Impaired)** HK$'000	**Total** HK$'000
At 1 April 2018			
Changes due to financial instruments recognised as at 1 April:			
— Impairment loss recognised	1,711	613	2,324
— Impairment loss reversed	(1,409)	—	(1,409)
New financial assets originated	1,763	—	1,763
At 31 March 2019	2,065	613	2,678

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

	Lifetime ECL (not credit-impaired) HK$'000
At 1 April 2018	—
Changes due to financial instruments recognised as at 1 April:	
— Impairment loss recognised	210
— Impairment loss reversed	(94)
New financial assets originated	844
At 31 March 2019	960

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for the loan to a joint venture.

	Lifetime ECL (credit-impaired) HK$'000
At 1 April 2018	—
Changes due to financial instruments recognised as at 1 April:	
— Impairment loss recognised	1,254
— Written-off	(1,254)
At 31 March 2019	—

The impairment loss of HK$1,254,000 recognised on the loan to a joint venture is related to the loan to a joint venture with gross carrying amount of HK$1,254,000.

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

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

Liquidity and interest risk table

The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019							
Non-derivative financial liabilities							
Trade and other payables	N/A	8,277	—	—	—	8,277	8,277
Amount due to a related party	N/A	243	—	—	—	243	243
Variable-rate bank borrowings	5.00	12,739	—	—	—	12,739	12,739
Bank overdraft	3.15	9,975	—	—	—	9,975	9,975
Obligations under finance leases	5.03	14	27	56	119	216	204
		31,248	27	56	119	31,450	31,438

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2018							
Non-derivative financial liabilities							
Trade and other payables	N/A	11,913	—	—	—	11,913	11,913
Amount due to a related party	N/A	64	—	—	—	64	64
Fixed-rate bank borrowings	6.23	2,743	—	—	—	2,743	2,743
Obligations under finance leases	7.07	21	44	179	216	460	431
		14,741	44	179	216	15,180	15,151

28. FINANCIAL INSTRUMENTS *(continued)*

28b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk table (continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2019, the aggregate undiscounted principal amount of these bank loans amounted to HK$12,739,000 (2018: HK$2,743,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$13,140,000 (2018: HK$2,945,000).

	Weighted average interest rate	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Total undiscounted cash flows**	**Carrying amount**
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2019							
Variable-rate bank borrowings	**5.00**	**749**	**1,498**	**10,893**	**—**	**13,140**	**12,739**
At 31 March 2018							
Fixed-rate bank borrowings	6.23	311	620	1,473	541	2,945	2,743

28c. Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating leases in respect of rental premises which fall due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**65**	311
In the second to fifth year inclusive	**—**	65
	65	376

Operating lease payments represented fixed rentals payable by the Group for its office premises. The lease is negotiated with fixed lease term for 2 years.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Obligations under finance leases HK$'000	**Bank borrowings** HK$'000	**Amount due to a related party** HK$'000	**Dividend payable** HK$'000	**Accrued issue costs** HK$'000	**Total** HK$'000
At 1 April 2017	183	956	—	—	—	1,139
Financing cash flows	(260)	1,491	(1,232)	—	(2,609)	(2,610)
Finance costs recognised/issue costs accrued/dividend recognised	37	296	—	14,000	2,690	17,023
Set off against capital injection due by Talent Prime and amounts due from Mr. Ip and Mr. Ha *(Note 35)*	—	—	—	(14,000)	—	(14,000)
Acquisition of plant and equipment	471	—	—	—	—	471
Payment of income tax by a related party on behalf of the Group	—	—	1,232	—	—	1,232
At 31 March 2018	431	2,743	—	—	81	3,255
Financing cash flows	(407)	9,519	—	—	(5,404)	3,708
Finance costs recognised/issue costs accrued	30	477	—	—	5,323	5,830
Acquisition of plant and equipment	150	—	—	—	—	150
At 31 March 2019	204	12,739	—	—	—	12,934

31. RETIREMENT BENEFITS PLANS

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of an independent trustees. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss of HK$1,128,000 (2018: HK$629,000) represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

32. RELATED PARTY DISCLOSURES

(i) Transactions

During the year, the Group entered into the following transactions with its related parties:

Name of related parties	Nature of transactions	2019 HK$'000	2018 HK$'000
Kaiser Global	Purchases of raw materials and provision of anti-skid services	243	482
Ms. Wang	Imputed interest income	—	116
Mr. Ha	Imputed interest income	—	178
Mr. Ip	Imputed interest income	—	118

(ii) Balances

Details of the balances with directors, a joint venture and a related company are set out in the consolidated statement of financial position and notes 15 and 19.

(iii) Compensation of key management personnel

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	2,917	2,154
Retirement benefits scheme contributions	99	128
Discretionary bonus	70	165
	3,086	2,447

Key management personnel of the Company include directors and senior management. The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investment in a subsidiary	19,454	—
Amount due from a subsidiary	20,041	—
	39,495	—
Current assets		
Prepayments	2,771	1,730
Deferred listing expenses	—	2,690
Bank balances and cash	10,061	—
	12,832	4,420
Current liabilities		
Other payables	118	2,061
Amount due to a subsidiary	106	11,040
Bank borrowing	6,000	—
Bank overdraft	9,975	—
	16,199	13,101
Net current liabilities	(3,367)	(8,681)
Total assets less current liabilities	36,128	(8,681)
Capital and reserves		
Share capital	4,800	— *
Reserves	31,328	(8,681)
Total equity (Deficiency in total equity)	36,128	(8,681)

Movement in the Company's reserves

	Share premium HK$'000	Other reserve *(Note)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 23 October 2017 (date of incorporation)	—	—	—	—
Loss and total comprehensive expense for the period	—	—	(8,681)	(8,681)
At 31 March 2018	—	—	(8,681)	(8,681)
Loss and total comprehensive expense for the year	—	—	(9,095)	(9,095)
Arising from the Reorganisation *(Note)*	—	13,917	—	13,917
Issuance of share upon initial public offering	46,800	—	—	46,800
Capitalisation issue of new shares	(3,600)	—	—	(3,600)
Expenses incurred in connection with issuance of new shares	(8,013)	—	—	(8,013)
At 31 March 2019	35,187	13,917	(17,776)	31,328

* *Less than HK$1,000*

Note: On 21 September 2018, Talent Prime and Infinite Honor transferred the entire issued share capital of China Talents to the Company. As settlement of the consideration, the Company allotted and issued 9,200 and 700 ordinary shares of the Company to Talent Prime and Infinite Honor, respectively at HK$0.01 each share. The amount represented the difference between the net assets value of China Talents upon transfer and the share capital issued by the Company.

34. PARTICULAR OF SUBSIDIARIES

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

Name of subsidiary	Place of incorporation	Date of incorporation	Issued and fully share paid-up capital	Equity attributable to the Company As at 31 March 2019	2018	Principal activities
China Talents*	The BVI	17 February2017	US$10,000	**100%**	100%	Investment holding
TMD	Hong Kong	29 April 2010	HK$4,200,000	**100%**	100%	Civil engineering construction works of road and highway related infrastructure and repair and maintenance works for structures of roads and highways
TMC	Hong Kong	4 April 2014	HK$2	**100%**	100%	Repair and maintenance works for structures of roads and highways

* *Directly held by the Company*

None of the subsidiaries had issued any debt securities at the end of the year.

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2018, the capital injection due by Talent Prime to China Talents amounting to HK$3,500,000 was set off against the dividend payable due by TMD to Ms. Wang and amount due from Mr. Ip amounting to HK$3,500,000 was set off against the dividend payable due by TMD to Mr. Ip, pursuant to two debt assignment deeds dated 30 September 2017.

Pursuant to a confirmatory deed signed on 30 March 2018, amounts due from Kaiser Global and Ms. Wang amounting to HK$1,102,000 and HK$2,100,000, respectively were taken up by Mr. Ha. On the same date, amount due from Mr. Ha amounting to HK$7,000,000 was set off against the dividend payable due by China Talents to Talent Prime pursuant to a deed of dividend assignment dated 30 March 2018.

FINANCIAL SUMMARY

	2019 HK$'000 *Note (a)*	2018 HK$'000 *Note (a)*	2017 HK$'000 *Note (b)*	2016 HK$'000 *Note (b)*
For the year				
Revenue	**108,323**	91,764	73,569	52,847
Profit before taxation	**4,593**	10,065	19,604	13,127
Profit attributable to equity holders of the Company	**1,923**	6,854	16,455	10,999
At year end				
Total assets	**115,885**	61,241	41,735	28,431
Total liabilities	**37,155**	24,421	11,776	14,466
Total equity attributable to equity holders of the Company	**78,730**	36,820	29,966	14,980

Notes:

(a) The financial figures were extracted from the consolidated financial statements in the annual report.

(b) The financial figures were extracted from the Prospectus dated 29 September 2018.