aeso

AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ANNUAL REPORT 2022

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This annual report, for which the directors ("Directors") of Aeso Holding Limited ("Company") 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 ("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 annual 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 in this annual report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung *(Chairman)*
Mr. Cheung Hiu Tung
Mr. Zhang Hai Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

COMPANY SECRETARY

Ms. Choi Mei Bik

COMPLIANCE OFFICER

Mr. Chan Siu Chung

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Yeung Chun Yue, David *(Chairman)*
Ms. Lai Wing Sze
Ms. Yu Wan Ki

REMUNERATION COMMITTEE

Ms. Lai Wing Sze *(Chairman)*
Mr. Chan Siu Chung
Mr. Yeung Chun Yue, David

NOMINATION COMMITTEE

Mr. Chan Siu Chung *(Chairman)*
Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze

AUDITORS

McMillan Woods (Hong Kong) CPA limited
24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chan Siu Chung
Ms. Choi Mei Bik

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

18/F., The Pemberton,
22-26 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.aeso.hk

STOCK CODE

8341

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Aeso Holding Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022 (the "Reporting Period").

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2021: Nil).

BUSINESS REVIEW

The Company is an investment holding company and the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing. The Company's subsidiaries are principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

As a contracting service provider which offers high quality and value-added services to cater for our clients' specification and satisfaction, the Group received continuing support from our customers over the years. We have also built-up reputation which attract many new customers. Amongst the total revenue of approximately HK$218.0 million for the Reporting Period, approximately HK$190.2 million (2021: approximately HK$107.0 million) was contributed by fitting-out projects, whereas approximately HK$27.8 million (2021: approximately HK$18.0 million) was contributed by renovation projects.

During the Reporting Period, the Company submitted tenders amounting to approximately HK$4,231.7 million (2021: approximately HK$2,706.0 million) and 7 projects were awarded (2021: 19 projects were awarded) amounting to approximately HK$119.3 million (2021: approximately HK$412.5 million), which was mainly including one Fitting out Projects for residential development at Tai Po with total contract sum of approximately HK$25.3 million and two Fitting out Projects for a commercial development at Chek Lap Kok with total contract sum of approximately HK$72.5 million. Most of the tenders are invited by the stable and long-term clients, including leading listed property developers in Hong Kong, based on their trust to our Company and some are from sizable developers from the PRC.

It is expected that the tenders awarded during the Reporting Period enables the Group to have strong and stable source of revenue in the forthcoming financial years. The Directors will deploy more resources to satisfy the capital needs for performing the projects and will consider different alternatives to raise additional funds if and when the need arises.

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased from approximately HK$125.0 million for the year ended 31 March 2021 to approximately HK$218.0 million for the Reporting Period, representing an increase of approximately 74.4%. The increase in revenue is mainly contributed by the relatively larger amounts of tenders awarded during the year ended 31 March 2021 (amounting to approximately HK$412.5 million) as compared to the amount of tenders awarded during the year ended 31 March 2020 (amounting to approximately HK$184.4 million) and it leaded that more contract revenue was recognised during the Reporting Period as compared to the corresponding period in 2021.

The revenue for the Fitting out Projects for the Reporting Period was approximately HK$190.2 million, represented an increase of approximately 77.8% from approximately HK$107.0 million for the same period in 2021.

The revenue for the Renovation Projects for the Reporting Period was approximately HK$27.8 million, represented an increase of approximately 54.4% from approximately HK$18.0 million for the same period in 2021.

Cost of Services

The Group's direct cost increased from approximately HK$109.2 million for the year ended 31 March 2021 to approximately HK$188.1 million for the Reporting Period, representing an increase of approximately 72.3% which was in line with the increase in revenue during the Reporting Period.

Gross Profit

The Group's gross profit increased from approximately HK$15.8 million for the year ended 31 March 2021 to approximately HK$29.9 million for the Reporting Period. Such improvement was mainly due to the significant increase in revenue during the Reporting Period.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$22.6 million and approximately HK$24.4 million for the years ended 31 March 2021 and 2022 respectively, representing a slight increase of approximately 8.0%. Such increase was mainly due to the increase in staff costs for administrative staffs during the Reporting Period.

Earnings attributable to the owners of the Company

As a result of the aforesaid, the earnings attributable to the owners of the Company was approximately HK$8.2 million during the Reporting Period as compared with the loss attributable to the owners of the Company of approximately HK$5.7 million for the corresponding period in 2021, which was mainly attributable from the increase in the revenue and gross profit as mentioned above.

PROSPECT AND OUTLOOK

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long-term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting out works in Hong Kong, especially fitting-out projects for commercial premises and residential development. Since 1 April 2021 and up to the date of this report, the Group was awarded with six fitting-out projects with the total contract sum of approximately HK$118.5 million and one renovation project with a total contract sum of approximately HK$0.8 million.

The revenue of the Group grows rapidly in recent year as there was a relatively larger amounts of tenders awarded in recent year. With the large volume of the new tenders awarded, there was a significant increase of unrecognised contract revenue of approximately HK$314.1 million as at 31 March 2022 as compare to the unrecognised contract revenue of approximately HK$77.1 million as at 31 March 2021, which was mainly contributed from the fitting-out projects for commercial development. The Management believed that the Group have to increase the manpower and the budget control of construction costs through fund raising activities to enlarge the size of the Group in coming future for purpose to handle the construction projects from large volume of the new tenders awarded as mentioned above.

The Board will keep to tender new fitting out and renovation projects. In view of the expected growth of the construction industry in Hong Kong driven by the Hong Kong Government's initiatives to increase the land supply for private housing as well as commercial buildings by Northern Metropolis Development, the Company is still confident about the prospect of the fitting-out and renovation contracting services in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2022, the Group had net current assets of approximately HK$25.7 million (31 March 2021: net current assets of approximately HK$16.5 million), net assets of approximately HK$28.1 million (31 March 2021: net assets of approximately HK$19.4 million), bank balances and cash of approximately HK$7.8 million (31 March 2021: approximately HK$7.8 million) and pledged bank deposit of approximately HK$903,000 (31 March 2021: approximately HK$1.8 million).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

Cash deposits of the Group of approximately HK$903,000 as at 31 March 2022 (31 March 2021: HK$1.8 million) are charged to the bank to secure general banking facilities.

COMMITMENTS

As at 31 March 2022, the Group had no material commitment.

CAPITAL STRUCTURE

There has been no change in capital structure of the Company since 31 March 2022.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, there was no significant investment held by the Group (31 March 2021: Nil).

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2022, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 56 employees (31 March 2021: 37 employees). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all Directors and senior management of the Group.

CAPITAL REORGANISATION

Share consolidation

Reference is made to the announcement of the Company dated 1 March 2021, the Board proposed that every ten (10) issued and unissued existing Shares of a par value of US$0.01 each in the share capital of the Company be consolidated into one (1) consolidated Share of a par value of US$0.1 each ("Consolidated Share") in the share capital of the Company (the "Share Consolidation"); The Share Consolidation was approved by the shareholders (the "Shareholders") pursuant to an ordinary resolution of the Company at the extraordinary general meeting of the Company (the "EGM") held on 4 April 2022. As at 31 March 2022, the Share Consolidation has not yet completed. The Share Consolidation became effective on 7 April 2022 and upon completion of the Share Consolidation, the Company's authorised share capital consists of 200,000,000 consolidated Shares of US$0.1 each and the issued share capital will become 80,000,000 Consolidated Shares of US$0.1 each.

The Capital Reduction and the Share Sub-division

Reference is made to the announcement of the Company dated 1 March 2021, the Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division ("the Capital Reduction and the Share Sub-division") be implemented, pursuant to which:

(i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of US$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from US$0.1 to US$0.01; and

(ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value US$0.1 each be sub-divided into ten (10) New Shares ("New Shares") of par value US$0.01 each.

The Capital Reduction and the Share Sub-division was approved by the Shareholders pursuant to a special resolution of the Company at the EGM held on 4 April 2022 and an order given by the Grand Court of the Cayman Islands. As at 31 March 2022, the Capital Reduction and the Share Sub-division have not yet completed and they became effective on 17 June 2022. Upon completion of the Capital Reduction and the Share Sub-division, the Company's authorised share capital consists of 2,000,000,000 New Shares of US$0.01 each and the issued share capital will become 80,000,000 New Shares of US$0.01 each.

Details of the Share Consolidation, the Capital Reduction and the Share Sub-division were disclosed in the announcement of the Company dated 1 March 2022, 28 April 2022 and 17 June 2022, the circular of the Company dated 11 March 2022 and the poll results announcement of the EGM dated 4 April 2022.

APPRECIATION

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

Aeso Holding Limited
Chan Siu Chung
Chairman

Hong Kong, 30 June 2022

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (陳少忠先生), aged 47, is the founder, the chairman of the Group. Mr. Chan has nearly 25 years of experience in the building and construction industry, especially in the field of fitting out and renovation (including alteration and addition) works. Mr. Chan obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997 and a master of science degree in construction project management from The University of Hong Kong in Hong Kong in 2006. He is primarily responsible for the overall strategic development, management of the Group, managing client relationship and business marketing. He is one of the founders of Aeso Limited, the operating subsidiary of the Company, and is currently its executive director and project director. He is also a director of Aeschylus Limited.

Mr. Cheung Hiu Tung (張曉東先生), aged 45, joined the Group in October 2008 and Mr. Cheung was appointed as the executive director of the Group on 1 November 2019. Mr. Cheung has over 21 years of experience in the building and construction industry. Mr. Cheung completed a 75-day Measurement Technician Training Course delivered by Construction Industry Training Authority in Hong Kong in November 1996. He obtained a certificate in quantity surveying and a higher certificate in quantity surveying from Hong Kong Institute of Vocational Education in Hong Kong in July 2000 and July 2002, respectively.

Mr. Zhang Haiwei (張海威先生), aged 38, joined the Group as the executive director on 24 May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Yang has over 11 years of experience in business development and management and had held senior management positions in several enterprises. Prior to joining the Group, Mr. Zhang was a chief operating officer of a sizeable company in the PRC and he was mainly responsible for the company's building management and interior design projects involving application of automation technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David (楊振宇先生), aged 40, joined the Group as the independent non-executive director on 12 April 2019. He has over 17 years of experience in accounting and tax advisory. Mr. Yeung has been an executive director of Hatcher Group Limited (Stock Code: 8365) since July 2021. From September 2017 to July 2021, he had been the managing partner and director of D & Partners CPA Limited. From July 2004 to September 2017, he worked in Cheng & Cheng Limited, Certified Public Accountants with his last position as a director. Mr. Yeung has been an independent non-executive director of TL Natural Gas Holdings Limited (stock code: 8536) since 29 December 2021; Nexion Technologies Limited (stock code: 8420) since 10 September 2020; and SANVO Fine Chemicals Group Limited (stock code: 301) since 13 December 2019. Mr. Yeung graduated from City University of Hong Kong with a bachelor of business administration in accountancy in November 2004. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He is currently a committee member of the Panyu Committee of Chinese People's Political Consultative Conference.

Ms. Lai Wing Sze (黎穎絲女士), aged 33, joined the Group as the independent non-executive director on 24 May 2019. She obtained a bachelor degree of arts from the University of Derby. Ms. Lai has extensive working experience in Hong Kong and overseas. Prior to joining the Company, Ms. Lai had held various managerial and supervisory positions in certain multinational corporations.

Ms. Yu Wan Ki (余韻琪女士), aged 34, joined the Group as the independent non-executive director on 24 May 2019. She obtained a Bachelor Degree of Mass Communication in Journalism and Public Relations from Curtin University of Technology, Western Australia. Ms. Yu has more than 11 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

SENIOR MANAGEMENT

Ms. Cheng Nga Lai (鄭雅麗女士), aged 46, is the Senior Operating Manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 21 years of experience in the building and construction industry.

Ms. Cheng obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997.

COMPANY SECRETARY

Ms. Choi Mei Bik (蔡美碧女士), aged 40, has been appointed as the company secretary of the Company from 14 May 2019. Ms. Choi graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Company's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

Provision A.2.1 of the CG Code

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

THE BOARD OF DIRECTORS

Composition

The Board, which comprised six Directors as at the date of this corporate governance report, is collectively responsible for supervising the management of the business and affairs of the Company and the Group. Biographical details of the current Directors are set out in the section headed "Biographical details of Directors and Senior Management" of this annual report.

As at the date of this corporate governance report, the Board had three executive Directors, namely Mr. Chan Siu Chung (Chairman), Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei and three independent non executive Directors, namely Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki.

The presence of three independent non executive Directors is considered by the Board to be a reasonable balance between executive and non executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of the shareholders and the Company. The independent non executive Directors provide to the Company a wide range of expertise and experience so that independent judgement can be effectively exercised and the interests of all shareholders will be taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, scrutinizing the Company and the Group's performance and reporting. They provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

As at the date of this corporate governance report, at least one of the independent non executive Directors has the appropriate professional qualifications or accounting or related financial management expertise.

Board Diversity

With the view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element. The Board has adopted a board diversity policy with effect from 10 January 2017 in compliance with Provision A.5.6 of the CG Code. All Board appointments have been and will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination and selection of candidates for Board membership by the Nomination Committee have been and will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved as at the date of this corporate governance report.

Meetings of the Board and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meetings. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting, and the final version is open for the Directors' inspection.

During the Reporting Period, Mr. Chan Siu Chung had held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings of the Company held during the Reporting Period are summarised as follows:

	Number of meetings attended/ eligible to attend for the Reporting Period				
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**General Meeting**
Executive Directors					
Chan Siu Chung	7/7	N/A	1/1	1/1	2/2
Cheung Hiu Tung	7/7	N/A	N/A	N/A	2/2
Zhang Hai Wei	7/7	N/A	N/A	N/A	1/2
Independent non-executive Directors					
Yeung Chun Yue, David	7/7	5/5	1/1	1/1	2/2
Lai Wing Sze	7/7	5/5	1/1	1/1	1/2
Yu Wan Ki	7/7	5/5	N/A	N/A	1/2

Shareholders' Meetings
The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its shareholders and an opportunity for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxy(ies) to attend and vote at such meetings on their behalf if they are unable to attend the meetings.

The Chairman
The Chairman, Mr. Chan Siu Chung, is responsible for the Company's and the Group's overall strategy and business development. The Chairman determines the broad strategic direction of the Group in consultation with other Directors and is responsible for the macro top level decisions with regard to the overall business directions of the Company and the Group.

The Company Secretary
The Company Secretary is Ms. Choi Mei Bik, a member of the Hong Kong Institute of certified Public Accountants. In accordance with Rule 5.15 of the GEM Listing Rules, the Company Secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Directors' Induction and Continuous Professional Development
Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the Reporting Period are summarised as follows:

Name of Directors	Type of trainings
Chan Siu Chung	B
Cheung Hiu Tung	B
Zhang Hai Wei	B
Yeung Chun Yue, David	A & B
Lai Wing Sze	B
Yu Wan Ki	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Directors' Securities Transactions

The Company has adopted procedures governing Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the Reporting Period were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

Remuneration Committee

The Remuneration Committee was established during the year ended 31 March 2017. The chairman of the committee is Ms. Lai Wing Sze, an independent non-executive Director. Other members of this committee include Mr. Chan Siu Chung, being an executive Director and Mr. Yeung Chun Yue, David, being an independent non-executive Director.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, making recommendation to the Board on remuneration packages of the Directors and senior management of the Group, as well as reviewing and making recommendation on the Company's share option scheme, bonus structure, provident fund and other compensation related issues. This committee consults with the Chairman on its proposals and recommendations and has access to independent professional advice if necessary. The Remuneration Committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the Remuneration Committee are posted on websites of the Company and of the Stock Exchange. The Remuneration Committee meets at least once a year.

During the Reporting Period, one Remuneration Committee meeting was held with all the members attended.

Nomination Committee

The Nomination Committee was established in 2017. The chairman of the committee is Mr. Chan Siu Chung, the Chairman and an executive Director. Other members of this committee include Mr. Yeung Chun Yue, David and Ms. Lai Wing Sze, all being independent non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company and the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals to be nominated for directorship, assessing the independence of the independent non executive Directors and making recommendations to the Board on the appointment or re appointment of Directors and succession planning for the Directors, in particular the Chairman.

Shareholders may also propose a person for election as Director at the general meetings of the Company pursuant to the articles of association of the Company ("Articles"). The procedures for shareholders to nominate directors are posted on the website of the Company.

The specific terms of reference of the Nomination Committee are posted on the websites of the Company and of the Stock Exchange.

During the Reporting Period, one Nomination Committee meeting was held with all the members attended.

Term of Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, thereafter continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors has been appointed for a term of three years unless terminated by one month's notice in writing.

Pursuant to Article 109 of the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Chan Siu Chung and Ms. Yu Wan Ki will retire from office as Directors at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

Audit and Risk Management Committee and Accountability

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the performance and prospects of the Company and the Group. The Board is also responsible for preparing the accounts of the Company, which shall give a true and fair view of the financial position of the Group on a going concern basis, and other inside information announcements and other financial disclosures. The management of the Group provides all relevant information and records to the Board enabling it to conduct the above assessment and to prepare the accounts and other financial disclosures.

During the Year, the Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance.

The Audit and Risk Management Committee, established in 2017, is chaired by Mr. Yeung Chun Yue, David, an independent non-executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki, all being independent non-executive Directors of the Company.

No existing member of the Audit and Risk Management Committee is a former partner of the existing auditing firm of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the audited financial statements for the Reporting Period.

During the Reporting Period, four Audit and Risk Management Committee meetings were held with all the members attended.

Directors' responsibility in preparing consolidated financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 30 to 36 of this annual report.

Without qualifying their opinion, the external auditor has included in the independent auditor's report a paragraph in relation to the Group's ability to continue as a going concern. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance Function

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as determining, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Auditors' Remuneration

McMillan Woods (Hong Kong) CPA Limited ("McMillan") is the current external auditors of the Company, the aggregate remuneration in respect of audit services was approximately HK$400,000 during the Reporting Period.

Delegation by the Board

The Board is responsible for making decisions in relation to the overall strategic development of the Group's business. All Directors have formal service contracts or letters of appointment setting out key terms and conditions regarding their appointments. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All Board committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board review, on a yearly basis, all delegations by the Board to different Board committees to ensure that such delegations are appropriate and continue to be beneficial to the Company and its shareholders as a whole.

Shareholder Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The annual general meeting of the Company provides a useful forum for shareholders of the Company to exchange views with the Board. All the Directors make an effort to attend the Company's general meetings so that they may answer any questions from the shareholders.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The relevant circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures and other relevant information.

The Company also communicates with its shareholders through its annual, interim and quarterly reports and by means of announcement and circular if and when necessary. The Directors, the Company Secretary or other appropriate members of the senior management also respond promptly to inquiries from shareholders and potential investors of the Company.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene general meetings

Subject to the Articles of the Company, the GEM Listing Rules and the applicable laws and regulations, shareholders of the Company may convene general meetings of the Company in accordance with the following procedures:

1. Shareholders holding not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition ("Requisitionists") may require the Board to convene a general meeting of the Company by depositing written requisitions at the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong specifying the business to be transacted in such meeting and signed by the Requisitionists. Such meeting shall be held within two months after the deposit of such requisition.

2. If within 21 days of such deposit, the Board fails to proceed to convene the meeting, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionst(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for sending enquiries to the Board

The Company established a shareholders' communication policy which had been uploaded to the Company's website (http://www.aeso.hk) and details could be found in the policy.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

Investor relations

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and potential investors. The Company updates shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars. The Company's website (www.aeso.hk) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company regularly meets with analysts and holds interviews with reporters and columnists of the press and other economic journals.

Constitutional documents

During the Reporting Period, there was no significant change in the Memorandum and Articles of the Company.

Dividend Policy

The Company has adopted a dividend policy as at the date of this annual report (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

(a) the Company's actual and expected financial performance;

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

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

(d) the Group's liquidity position;

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

(f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Island laws and the Company's articles of association.

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review 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 Group has appointed an independent internal control review advisor ("Internal Control Advisor") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews for the Report Period; and
- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems for the Report Period.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by the Internal Control Advisor to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the Internal Control Advisor as well as the comments of the Audit and Risk Management Committee, the Board considered that the internal control and risk management systems of the Group are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee which oversees risk management and internal audit functions.

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, operational risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Entry barriers are low to new competitors – Competition has intensified in the fitting out and renovation industry in Hong Kong. New participants could enter the industry if they have the appropriate skills, local experience, necessary machinery and capital and/or are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors or new comers in the submission of tender for construction contracts who are able to offer services of higher quality at lower prices. Increased competition may lead to lower profit margins and loss of market share, and adversely impact the Group's profitability and operating results.
Operational Risks	Quality of outsourcing services may not meet the Group's requirement. The Group generally engages subcontractors to perform most of the site works and is responsible for the work performed by the subcontractors. If the works performed by the subcontractors do not meet the requirements of the project, the Group's operations and financial position may also be adversely affected. There is a risk of subcontracting workers' safety.
Compliance Risks	As a contracting service provider, in order to perform business operation, the Group have to procure the subcontractors to, comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong. In the event that the subcontractors fail to meet the applicable construction, safety, environmental protection laws, regulations and requirements, the Group or the subcontractors may be subject to fines or required to make remedial measures which may in turn have an adverse effect on the operations and financial condition of the Group.

Our Risk Control Mechanism

The risk management activities of the Group are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's systems of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

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

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2022 ("Reporting Period"). All cross-references mentioned in this directors' report form part of this directors' report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are engaging in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 37 of this annual report.

The Board does not recommend the payment of a dividend for the Reporting Period (2021: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement & Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group and the likely future development of the Group can be found in the "Chairman's Statement & Management Discussion and Analysis" section and the "Corporate Governance Report" of this annual report.

Relationships with Employees, Suppliers and subcontractors and Customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's have established good and long-term relationships with major suppliers and subcontractors. Those suppliers from which we source our raw materials are mostly renowned in the industry. Our subcontractors are reliable industrial players which possess extensive experience in their respective fields. During the Reporting Period, there was no material and significant dispute between the Group and its suppliers/subcontractors.

The Group has been providing contracting services for newly built and existing commercial premises and residential developments in Hong Kong since our incorporation in 2008. For Fitting-out Projects, our clients mainly include property developers and main-contractors which were instructed by property developers to appoint us as the nominated subcontractor. For Renovation Projects, our clients mainly include property developers, landlords, government authority and renowned international and local retail brands. The Group is of the view that through our quality services and close contact with our clients, we would be able to maintain close relationship with our clients with a better understanding of their needs and preferences which allow the Group to provide tailor-made and value-added contracting services to them, and to continuously gain from the stable source of revenue.

Environmental Policy and Performance

The Group has taken measures on air pollution control, noise pollution control and waste disposal control in its daily operation. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group endeavors to monitor and minimize impact to the environment. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules, an ESG report of the Company will be published after publication of the annual report of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at the end of the Reporting Period were as follows:

	31 March 2022 HK$'000	31 March 2021 HK$'000
Share premium	**39,615**	39,615
Accumulated losses	**(93,187)**	(88,694)
	(53,572)	(49,079)

DIRECTORS

The Board comprises the following Directors during the Reporting Period and up to the date of this directors' report:

Executive Directors

Mr. Chan Siu Chung *(Chairman)*
Mr. Zhang Hai Wei
Mr. Cheung Hiu Tung

Independent non-executive Directors

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

The Company has received from Mr. Yeung Chun Yue David, Ms. Lai Wing Sze and Ms. Yu Wan Ki an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that they as independent.

Notwithstanding any other provisions in the Articles, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, 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. The Company at the general meeting at which a Director retires may fill the vacated office.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. All the such service contracts are continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors is appointed for a term of three years unless terminated by one month's notice in writing. All Directors are subject to the provisions of retirement and rotation of directors under the Articles.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract 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.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the fulltime employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 March 2022.

NON-COMPETITION DEED BY CONTROLLING SHAREHOLDERS

A deed of non-competition in respect of Mr. Chan Siu Chung and Acropolis Limited was entered into on 23 December 2016 (the "Non-competition Deed"). The Company had received annual declaration from Mr. Chan Siu Chung and Acropolis Limited on the compliance with the terms of the Non-competition Deed. The independent non-executive Directors have reviewed the compliance with the Non-competition Deed and are satisfied that Mr. Chan Siu Chung and Acropolis Limited have complied with the terms of the Non-competition Deed for the year ended 31 March 2022.

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

As at 31 March 2022, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2022
Chan Siu Chung	Beneficial owner	112,838,709	14.10%
Zhang Hai Wei – share options	Beneficial owner	10,838,709	1.35%
Cheung Hiu Tung – share options	Beneficial owner	2,838,709	0.35%

Mr. Chan held 106,000,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 6,838,709 share options of the Company directly.

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 31 March 2022.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 March 2022, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to section 336 of the SFO.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

No connected transaction (including continuing connected transaction) which would be subject to reporting and annual review requirements under Chapter 20 of the GEM Listing Rules was entered into by the Group during the Reporting Period or subsisted as at the end of the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 79% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 36% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 69% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 29% of the Group's total purchases.

SHARE OPTION SCHEME

A share option scheme of the Company (the "Share Option Scheme") was adopted in Company's annual general meeting on 30 September 2019.

Details of the options outstanding for the year ended 31 March 2022 are as follows:

		No. of shares comprised in options					
Grantees	**Date of grant**	**As at 1 April 2021**	**Granted**	**Exercised**	**Lapsed**	**As at 31 March 2022**	**Exercise price per share**
Executive directors							
Chan Siu Chung	15 November 2019	2,838,709	–	–	–	2,838,709	HK$0.3135
	12 July 2021	–	4,000,000	–	–	4,000,000	US$0.01
Cheung Hiu Tung	15 November 2019	2,838,709	–	–	–	2,838,709	HK$0.3135
Zhang Hai Wei	15 November 2019	2,838,709	–	–	–	2,838,709	HK$0.3135
	12 July 2021	–	8,000,000	–	–	8,000,000	US$0.01
Other employees	15 November 2019	19,870,970	–	–	(5,677,420)	14,193,550	HK$0.3135
	12 July 2021	–	8,000,000	–	–	8,000,000	US$0.01
	Total	28,387,097	20,000,000	–	(5,677,420)	42,709,677	

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of Cayman which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined by the remuneration committee of the Board ("Remuneration Committee") on the basis of merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are recommended by the Remuneration Committee and approved by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Provision B.1.5 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, the remuneration of the senior management of the Company for the Reporting Period by band is as follows:

	Number of individuals
Nil to HK$1,000,000	3
HK$1,000,000 to HK$1,500,000	Nil

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in note 13 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

INDEPENDENT AUDITORS

On 17 March 2022, HLB Hodgson Impey Cheng Limited resigned, and McMillan was appointed as the auditor of the Company. Save as aforesaid, there has been no change in auditors of the Company in the three years preceding the date of this annual report. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint McMillan as the independent auditor of the Company.

EVENTS AFTER THE REPORTING PERIOD

There is no material event occurred in relation to the Group after the Reporting Period.

On behalf of the Board
Chan Siu Chung
Chairman

Hong Kong, 30 June 2022

McMillanWoods
Professionalism at the forefront

TO THE SHAREHOLDERS OF AESO HOLDING LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Aeso Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 94, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 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. The key audit matters we identified are:

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses assessment of account receivables and contract assets	
Refer to notes 4, 5, 19 and 23 to the consolidated financial statements	
As at 31 March 2022, the Group had gross account receivables and contract assets of approximately HK$39,521,000 and HK$56,368,000 respectively, and provision for allowance for expected credit losses of approximately HK$4,781,000 and HK$3,111,000 respectively. In general, the credit terms granted by the Group to the customers ranged between 0 to 30 days on trade customers of contract works. Management performed periodic assessment on the recoverability of the account receivables and contract assets and the sufficiency of allowance for expected credit losses based on information including credit profile of different customers, ageing of the account receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of account receivables and contract assets under the expected credit losses model involved the use of significant management judgements.	Our procedures in relation to management's assessment on allowance for expected credit losses of the account receivables and contract assets including but not limited to: – Understanding on the key controls over the impairment assessment on account receivables and contract assets, including but not limited to the management's assessment on the creditworthiness of the counterparties; – Checking on a sample basis, the ageing profile of the account receivables as at 31 March 2022 to the underlying financial records and post year-end settlements to bank receipts; – Inquiring management for the status of each of the material account receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and – Assessing the appropriateness of the expected credit losses provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for construction contract	
Refer to notes 4, 5 and 9 to the consolidated financial statements	
The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognises revenue over time in accordance with HKFRS 15 Revenue for contract with customers. The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects). The uncertainty and subjectivity involved in determining the cost to complete and foreseeable losses may have a significant impact on the revenue and profit of the Group.	Our procedures in relation to revenue recognition from construction projects including but not limited to: – Understanding and evaluating the design and implementation of relevant controls relating to revenue recognition for construction contract. – Assessing the Group's revenue recognition practice to determine that they are in compliance with HKFRS 15 Revenue from contracts with customers, including the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects). – For selected projects, our audit procedures included the following: i. agreeing projects contract sum to signed contracts and variation orders, if any; ii. obtaining construction contract from management and reviewing for any specific or special performance obligations and conditions during the financial period; iii. assessing the reasonableness of cost incurred against our understanding of the projects; iv. examining the actual cost incurred during the year to details of supplier invoices and subcontractors to check the validity and accuracy of the costs; v. performing cut-off test to verify contract costs were taken up in the appropriate financial year;

Key audit matter	How our audit addressed the key audit matter

Revenue recognition for construction contract

Refer to notes 4, 5 and 9 to the consolidated financial statements

vi. assessing the estimated cost to complete by substantiating costs that have been committed to quotations and contracts entered;

vii. performing retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs of previous year to assess the reasonableness of the estimates used by the management;

viii. recalculating the percentage of the progress of projects in progress based on input method to test the accuracy of the percentage of the progress to determine the revenue;

ix. obtaining certificate of completion for projects completed during the year and verifying that the remaining revenue has been captured;

x. comparing total contract revenue to actual cost incurred plus estimated cost to complete, and assessing for foreseeable losses; and

xi. examining the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.

– Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2021.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Lo Ka Ki
Audit Engagement Director
Practising Certificate Number P06633

24/F, Siu On Centre,
188 Lockhart Road,
Wan Chai,
Hong Kong, 30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	*9*	**218,014**	125,049
Cost of services		**(188,100)**	(109,220)
Gross profit		**29,914**	15,829
Other income, gain/(loss), net	*10*	**7**	1,852
Change in fair value of financial assets at fair value through profit or loss		**227**	268
Reversal of allowance for expected credit losses		**2,924**	754
Administrative expenses		**(24,406)**	(22,581)
Finance costs	*11*	**(504)**	(1,776)
Profit/(loss) before taxation	*12*	**8,162**	(5,654)
Taxation	*15*	**–**	–
Profit/(loss) and total comprehensive income/(loss) for the year		**8,162**	(5,654)
			(Restated)
Earnings/(loss) per share attributable to equity holders of the Company			
Basic (HK cents)	*16*	**10.20**	(13.37)
Diluted (HK cents)		**9.95**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	*17*	**272**	364
Right-of-use assets	*18*	**7,072**	2,991
		7,344	3,355
Current assets			
Account and other receivables	*19*	**36,019**	46,711
Contract assets	*23*	**53,257**	18,476
Financial assets at fair value through profit or loss	*21*	**10,330**	10,103
Pledged bank deposits	*20*	**903**	1,802
Bank balances and cash	*20*	**7,756**	7,843
		108,265	84,935
Current liabilities			
Account and other payables	*22*	**39,697**	30,446
Contract liabilities	*23*	**12,673**	28,459
Bank borrowings	*24*	**27,998**	6,959
Lease liabilities	*25*	**2,201**	2,568
		82,569	68,432
Net current assets		**25,696**	16,503
Total assets less current liabilities		**33,040**	19,858

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Non-current liabilities			
Lease liabilities	*25*	**4,932**	433
		4,932	433
Net assets		**28,108**	19,425
Capital and reserves			
Share capital	*26*	**62,400**	62,400
Reserves		**(34,292)**	(42,975)
Total equity		**28,108**	19,425

The consolidated financial statements were approved and authorised for issued by the board of directors on 30 June 2022 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Cheung Hiu Tung
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium *(Note (i))*	Share option reserve *(Note (ii))*	Other reserve *(Note (iii))*	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	15,600	40,201	4,182	1,000	(82,118)	(21,135)
Loss and total comprehensive loss for the year	–	–	–	–	(5,654)	(5,654)
Right issue *(Note 26)*	46,800	1,200	–	–	–	48,000
Transaction cost related to issue shares	–	(1,786)	–	–	–	(1,786)
At 31 March 2021 and 1 April 2021	62,400	39,615	4,182	1,000	(87,772)	19,425
Profit and total comprehensive income for the year	–	–	–	–	8,162	8,162
Granted of share option	–	–	521	–	–	521
Lapsed of share option	–	–	(1,108)	–	1,108	–
At 31 March 2022	**62,400**	**39,615**	**3,595**	**1,000**	**(78,502)**	**28,108**

Notes:

(i) The share premium account records the excess of the total consideration over the par value of the shares issued by the Company, net of share issue expenses incurred.

(ii) The share option reserve represents the fair value of the actual or estimated number of the exercised share option granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payment transactions in note 4 to the consolidated financial statements.

(iii) The other reserve represents the difference between the nominal value of the share capital issued by the Company and the consideration received pursuant to the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**8,162**	(5,654)
Adjustments for:			
Depreciation of property, plant and equipment	*17*	**256**	211
Depreciation of right-of-use assets	*18*	**2,282**	2,960
Finance costs	*11*	**504**	1,776
Interest income	*10*	**–**	(40)
Loss on disposal of property, plant and equipment	*10*	**–**	3
Granted of share-based payment		**521**	–
Change in fair value at financial assets at fair value through profit or loss	*21*	**(227)**	(268)
Reversal of allowance for expected credit losses recognised on account receivables	*12*	**(2,707)**	(587)
Reversal of allowance for expected credit losses recognised on contract assets	*12*	**(217)**	(167)
Gain on early termination of lease		**(7)**	–
Operating cash flows before movements in working capital		**8,567**	(1,766)
Increase in contract assets		**(34,564)**	(781)
Decrease in account and other receivables		**13,399**	3,156
(Decrease)/increase in contract liabilities		**(15,786)**	8,474
Increase/(decrease) in account and other payables		**9,251**	(33,407)
Cash used in operations		**(19,133)**	(24,324)
Income tax paid		**–**	–
NET CASH USED IN OPERATING ACTIVITIES		**(19,133)**	(24,324)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(164)**	(71)
Withdrawal of pledged bank deposits		**899**	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**735**	(71)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES			
Proceed from issue of shares, net of issuing expenses		–	46,214
Repayment of factoring account receivables		–	(51,687)
Repayment of other borrowings		–	(36,982)
Repayment of bank borrowings		**(57,992)**	(385)
Bank borrowings raised		**79,031**	–
Interest paid		**(351)**	(1,683)
Advances drawn on factoring account receivables		–	44,687
Repayment of lease liabilities		**(2,224)**	(2,615)
Interest paid for lease liabilities		**(153)**	(93)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**18,311**	(2,544)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(87)**	(26,939)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**7,843**	34,782
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*20*	**7,756**	7,843

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate parent is Acropolis Limited (incorporated in British Virgin Islands). Its ultimate controlling party is Mr. Chan Siu Chung. The address of the registered office and the principal place of business of the Company are 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The consolidated financial statements is presented in Hong Kong Dollar ("HK$"), which is the same as the functional currency of the Company and its subsidiaries and all value are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS") and Interpretations. These consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

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

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRS that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phrase 2*
Amendments to HKFRS 16	*COVID-19 – Related Rent Concessions*
Amendments to HKFRS 16	*COVID-19 – Related Rent Concessions beyond 30 June 2021*

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

New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	*1 January 2022*
Amendments to HKAS 16 Property Plant and Equipment – Proceeds before Intended Use	*1 January 2022*
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	*1 January 2022*
Annual Improvements to HKFRSs 2018 – 2020 Cycle	*1 January 2022*
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	*1 January 2023*
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	*1 January 2023*
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	*1 January 2023*
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	*1 January 2023*

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

4 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

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

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

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

Basis of consolidation

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

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

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	$33^1/_3$ %
Motor vehicles	20%
Computer equipment	20%
Other office equipment	20%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

Contract assets and contract liabilities

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 a contract are accounted for and presented on a net basis.

Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments (continued)

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

Financial assets

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

Debt investments

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

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

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

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

Equity investments

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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 and 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.

The Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Other income

Interest income is recognised as it accrues using the effective interest method.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-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 as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Borrowing costs

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

Government grants

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

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gain/(loss), net".

Taxation

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

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

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

Current and deferred tax are recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets and contracts assets

The Group recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit loss ("ECL") for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets and contracts assets (continued)

Significant increase in credit risk (continued)

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

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

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

Definition of default

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.

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

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;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets and contracts assets (continued)

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and 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.

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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

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

Related parties transactions

A party is considered to be related to the Group if:

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

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

  (ii) has significant influence over the Group; or

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

(b) an entity is related to the Group if any of the following conditions applies:

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

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

  (iii) both entities are joint ventures of the same third party;

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

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

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

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

Segment reporting

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

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

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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

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

Impairment on tangible assets

At the end of the 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 asset is estimated in order to determine the extent of the impairment loss, if any. Where 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. Where 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 pretax 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors 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.

Key sources of estimation uncertainty

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

Revenue recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated contract costs, which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Significant increase in credit risk

During the year ended 31 March 2022, revenue from contract with customers of approximately HK$218,014,000 (2021: HK$125,049,000) was recognised over time under input method.

Provision of ECL for account receivables and contract assets

The Group uses provision matrix to calculate ECL for the account receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, account receivables and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

As at 31 March 2022, the net carrying amount of account receivables and contract assets were approximately HK$34,740,000 (net of allowance for ECL of HK$4,781,000) and HK$53,257,000 (net of allowance for ECL of HK$3,111,000) respectively (2021: HK$42,785,000 (net of allowance for ECL of HK$9,488,000) and HK$18,476,000 (net of allowance for ECL of HK$3,328,000) respectively).

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Income tax and deferred taxation

The Group is subjected to income tax in Hong Kong. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

No income tax was charged to profit or loss during the year (2021: Nil).

Impairment of right-of-use assets and property, plant and equipment

Right-of-use assets and property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 March 2022, the carrying amounts of right-of-use assets and property, plant and equipment amounted to HK$7,072,000 (2021: HK$2,991,000) and HK$272,000 (2021: HK$364,000) respectively. No impairment losses were recognised during the year ended 31 March 2022. Details of the right-of-use assets and property, plant and equipment are disclosed in notes 18 and 17 respectively.

6 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure.

The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of net debts, which include bank borrowings (note 24) and lease liabilities (note 25), net of cash and cash equivalents and equity, comprising paid in capital and reserves.

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

6 CAPITAL RISK MANAGEMENT (continued)

The gearing ratio at the end of the reporting period was as follows:

	2022	2021
	HK$'000	HK$'000
Total debt *(Note)*	**35,131**	9,960
Less: Pledged bank deposits	**(903)**	(1,802)
Bank balances and cash	**(7,756)**	(7,843)
Net debt	**26,472**	315
Total equity	**28,108**	19,425
Gearing ratio	**94,2%**	1.6%

Note: Total debt includes bank borrowings and lease liabilities.

7 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include account and other receivables, financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash, account and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk and liquidity risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

(a) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, lease liabilities and other borrowings. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20) and variable-rate bank borrowings (note 24). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on pledged bank deposits, bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manage its interest rate exposure by assessing the potential impact arising from any interest rate movements bases on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

7 FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk (continued)

No sensitivity analysis of interest rate risk on bank balances and pledged bank deposits is presented as the directors consider the exposure of interest rate risk on bank balances and pledged bank deposits is insignificant.

For sensitivity analysis on interest rates risk for variable-rate advances drawn on account receivables factored with recourse and bank borrowings, the analysis is prepared assuming that the amount of variable-rate financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represent the management's assessment of the reasonable possible change in interest rates of variable-rate financial liabilities as disclosed above. If interest rates on variable-rate financial liabilities as disclosed above had been 50 basis points higher/lower and all other variables were held constant, the Group's post tax profit (2021: loss) for the year ended 31 March 2022 would decrease/increase (2021: increase/decrease) by approximately HK$54,000 (2021: HK$50,000).

(b) Credit risk

The Group's credit risk is primarily attributable to its account and other receivables, pledged bank deposits, bank balances and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies simplified approach to provide for ECL for all account receivables and contract assets. To measure the ECL, account receivables and contract assets have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and ECL.

In order to minimise the credit risk, the directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

In determining the recoverability of account receivables, the Group considers any change in the credit quality of the account receivables from the date credit was initially granted up to the end of the reporting period.

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

7 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Group is exposed to concentration of credit risk as at 31 March 2022 on account receivables and contract assets from the Group's five major customers amounting to approximately HK$45,569,000 (2021: HK$48,401,000) and accounted for 84% (2021: 79%) of the Group's total account receivables and contract assets. The major customers of the Group are reputable organisations. The directors closely monitor the subsequent settlement of the customers. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on financial assets at fair value through profit or loss, pledged bank deposits and bank balances, is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for pledged bank deposits and bank balance by reference to information relating to probability of default and loss given default of respective credit rating grades published by external credit rating agencies. Based on the average loss rate, the 12m ECL on pledged bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Account receivables

The following table provides information about the exposure to credit risk and ECL for account receivables at 31 March 2022 and 2021 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK$4,610,000 (2021: HK$8,110,000) as at 31 March 2022 were assessed individually.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2022						
ECL rate	**0.44%**	**1.33%**	**–**	**–**	**1.54%**	**0.49%**
Gross carrying amount (HK$'000)	**33,002**	**1,129**	**–**	**–**	**780**	**34,911**
Lifetime ECL (HK$'000)	**(144)**	**(15)**	**–**	**–**	**(12)**	**(171)**
	32,858	**1,114**	**–**	**–**	**768**	**34,740**

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2021						
ECL rate	2.75%	3.48%	8.33%	9.87%	9.94%	3.12%
Gross carrying amount (HK$'000)	36,370	6,114	24	780	875	44,163
Lifetime ECL (HK$'000)	(999)	(213)	(2)	(77)	(87)	(1,378)
	35,371	5,901	22	703	788	42,785

7 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Account receivables (continued)

Account receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

During the year ended 31 March 2022, the Group provided approximately HK$4,781,000 (2021: HK$9,488,000) impairment allowance for account receivables based on the provision matrix. Impairment allowance of approximately HK$4,610,000 (2021: HK$8,110,000) were made on debtors with significant balances and credit-impaired debtors.

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

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2020	1,965	8,110	10,075
Impairment losses reversed	(587)	–	(587)
At 31 March 2021 and 1 April 2021	1,378	8,110	9,488
Impairment losses reversed	(1,207)	(1,500)	(2,707)
Written-off	–	(2,000)	(2,000)
At 31 March 2022	**171**	**4,610**	**4,781**

7 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Contract assets

The following table provides information about the exposure to credit risk and ECL for contract assets at 31 March 2022 and 2021 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK$2,866,000 (2021: HK$2,866,000) as at 31 March 2022 were assessed individually.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2022						
ECL rate	**0.42%**	**0.00%**	**0.00%**	**0.47%**	**0.61%**	**0.46%**
Gross carrying amount (HK$'000)	**32,411**	**28**	**33**	**13,762**	**7,268**	**53,502**
Lifetime ECL (HK$'000)	**(136)**	**–**	**–**	**(65)**	**(44)**	**(245)**
	32,275	**28**	**33**	**13,697**	**7,224**	**53,257**

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2021						
ECL rate	2.43%	2.42%	2.48%	3.09%	–	2.44%
Gross carrying amount (HK$'000)	16,198	866	1,777	97	–	18,938
Lifetime ECL (HK$'000)	(394)	(21)	(44)	(3)	–	(462)
	15,804	845	1,733	94	–	18,476

7 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Contract assets (continued)

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

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 April 2020	629	2,866	3,495
Impairment losses reversed	(167)	–	(167)
At 31 March 2021 and 1 April 2021	462	2,866	3,328
Impairment losses reversed	(217)	–	(217)
At 31 March 2022	**245**	**2,866**	**3,111**

Other receivables and deposits

For other receivables and deposits, the management make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance was recognised.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its 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. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2022							
Account and other payables	**–**	**39,697**	**–**	**–**	**–**	**39,697**	**39,697**
Bank borrowings	**2.47**	**27,998**	**–**	**–**	**–**	**27,998**	**27,998**
Lease liabilities	**6.49**	**583**	**1,748**	**4,662**	**389**	**7,382**	**7,133**
		68,278	**1,748**	**4,662**	**389**	**75,077**	**74,828**
At 31 March 2021							
Account and other payables	–	30,446	–	–	–	30,446	30,446
Bank borrowings	1.42	6,959	–	–	–	6,959	6,959
Lease liabilities	6.54	652	1,955	434	–	3,041	3,001
		38,057	1,955	434	–	40,446	40,406

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table summaries the maturity analysis of non-derivative financial liabilities with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such financial liabilities will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturity Analysis – subject to a repayment on demand clause based on scheduled repayments

	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2022						
Bank borrowings	**21,876**	**448**	**5,938**	**–**	**28,262**	**27,998**
At 31 March 2021						
Bank borrowings	483	478	1,401	5,107	7,469	6,959

(d) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Amortised cost (including bank balances and cash)	**44,554**	53,422
Financial assets at fair value through profit or loss	**10,330**	10,103
	54,884	63,525
Financial liabilities		
Amortised cost	**67,695**	37,405

8 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

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

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Aa at 31 March 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	10,330	–	10,330
Aa at 31 March 2021				
Financial assets				
Financial assets at fair value through profit or loss	–	10,103	–	10,103

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**2022**	2021	**Fair value hierarchy**	**Valuations technique and key input (s)**
Financial assets at fair value through profit or loss	**10,330**	10,103	Level 2	Quoted redemption value by bank

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

9 REVENUE AND SEGMENT INFORMATION

Revenue

	2022 HK$'000	2021 HK$'000
(i) Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Fitting-out projects	**190,204**	107,042
Renovation projects	**27,810**	18,007
Revenue recognised over time	**218,014**	125,049

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and the expected timing of recognising revenue are as follows:

	Fitting-out projects HK$'000	Renovation projects HK$'000	Total HK$'000
Within one year	**262,082**	**14,183**	**276,265**
More than one year but not more than two years	**36,468**	**1,969**	**38,437**
	298,550	**16,152**	**314,702**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 and the expected timing of recognising revenue are as follows:

	Fitting-out projects HK$'000	Renovation projects HK$'000	Total HK$'000
Within one year	79,005	3,886	82,891
More than one year but not more than two years	163,430	–	163,430
	242,435	3,886	246,321

9 REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

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

For the year ended 31 March 2022

	Fitting-out projects HK$'000	**Renovation projects HK$'000**	**Total HK$'000**
Revenue			
Segment revenue	**190,204**	**27,810**	**218,014**
Segment profit	**21,068**	**11,770**	**32,838**
Unallocated income			**7**
Change in fair value of financial assets at fair value through profit or loss			**227**
Unallocated expenses			**(24,910)**
Profit before taxation			**8,162**

For the year ended 31 March 2021

	Fitting-out Projects HK$'000	Renovation Projects HK$'000	Total HK$'000
Revenue			
Segment revenue	107,042	18,007	125,049
Segment profit	13,745	3,410	17,155
Unallocated income			1,280
Change in fair value of financial assets at fair value through profit or loss			268
Unallocated expenses			(24,357)
Loss before taxation			(5,654)

9 REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit from each segment before taxation without allocation of other income, change in fair value of financial assets at fair value through profit or loss, net allowance for ECL, administration expenses and finance costs. This is the measure reported to the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

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

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

		2022 HK$'000	2021 HK$'000
Customer 1	Fitting-out Projects	–	26,860
Customer 2	Fitting-out Projects	32,104	41,533
Customer 2	Renovation Projects	186	–
Customer 3	Fitting-out Projects	75,093	15,002
Customer 3	Renovation Projects	2,660	–
Customer 4	Fitting-out Projects	–	15,257
Customer 5	Fitting-out Projects	31,522	–

10 OTHER INCOME, GAIN/(LOSS), NET

	2022 **HK$'000**	2021 HK$'000
Sundry income	**–**	2
Interest income	**–**	40
Gain on early termination of lease	**7**	–
Government grant *(Note)*	**–**	1,813
Loss on disposal of property, plant and equipment	**–**	(3)
	7	1,852

Note:

During the current year, the Group recognised government grant of approximately HK$Nil (2021: HK$1,783,000) in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

11 FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest on:		
Bank borrowings	**288**	256
Other borrowings	**63**	1,427
Lease liabilities	**153**	93
	504	1,776

12 PROFIT/(LOSS) BEFORE TAXATION

	2022 HK$'000	2021 HK$'000
Profit/(loss) before taxation has been arrived at after charging:		
Directors' emolument *(note 13)*	**4,331**	4,008
Other staff costs:		
Salaries and other allowances	**19,281**	14,055
Retirement benefits scheme contributions	**423**	460
Total staff costs	**24,035**	18,523
Less: amounts included in cost of services	**(8,440)**	(5,272)
	15,595	13,251
Auditor's remuneration		
– Audit services	**400**	630
– Non-audit services	**–**	220
Depreciation of property, plant and equipment *(note 17)*	**256**	211
Depreciation of right-of-use assets *(note 18)*	**2,282**	2,960
Reversal of allowance for ECL recognised on account receivables *(note 7)*	**(2,707)**	(587)
Reversal of allowance for ECL recognised on contract assets *(note 7)*	**(217)**	(167)

13 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable (including emoluments for the services as employees of the group entities prior to becoming directors of the Company) to the directors of the Company during the year for their services rendered to the entities comprising the Group are as follows:

(a) Executive directors

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2022						
Executive directors						
Mr. Chan Siu Chung ("Mr. Chan")	**–**	**2,178**	**363**	**18**	**104**	**2,663**
Mr. Cheung Hiu Tung ("Mr. Cheung")	**–**	**840**	**80**	**24**	**208**	**1,152**
Mr. Zhang Hai Wei ("Mr. Zhang")	**–**	**156**	**–**	**–**	**–**	**156**
	–	**3,174**	**443**	**42**	**312**	**3,971**
Year ended 31 March 2021						
Executive directors						
Mr. Chan Siu Chung ("Mr. Chan")	–	2,178	363	18	–	2,559
Mr. Cheung Hiu Tung ("Mr. Cheung")	–	821	88	24	–	933
Mr. Zhang Hai Wei ("Mr. Zhang")	–	156	–	–	–	156
	–	3,155	451	42	–	3,648

(b) Independent non-executive directors

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2022						
Independent non-executive directors						
Mr. Yeung Chun Yue David ("Mr. Yeung")	**120**	**–**	**–**	**–**	**–**	**120**
Ms. Lai Wing Sze ("Ms. Lai")	**120**	**–**	**–**	**–**	**–**	**120**
Ms. Yu Wan Ki ("Ms. Yu")	**120**	**–**	**–**	**–**	**–**	**120**
	360	**–**	**–**	**–**	**–**	**360**
Year ended 31 March 2021						
Independent non-executive directors						
Mr. Yeung Chun Yue David ("Mr. Yeung")	120	–	–	–	–	120
Ms. Lai Wing Sze ("Ms. Lai")	120	–	–	–	–	120
Ms. Yu Wan Ki ("Ms. Yu")	120	–	–	–	–	120
	360	–	–	–	–	360

13 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS
(continued)

(c) Employees' emoluments

The five highest paid individuals of the Group include two (2021: two) executive directors of the Company during the year. The emoluments of the remaining individuals for the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other allowances	**2,136**	1,975
Discretionary bonus	**238**	252
Retirement benefit scheme contributions	**54**	54
	2,428	2,281

The emoluments of the employees were within the following band:

	2022	2021
HK$Nil – HK$1,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the both years.

(d) Directors' material interests in transactions, arrangements or contracts

Same as disclosed in note 30 to the consolidated financial statements, no significant transaction, arrangement and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14 DIVIDEND

The Board of directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

15 TAXATION

No provision for Hong Kong Profit Tax has been made as the Group did not generate any assessable profit arising in Hong Kong or has sufficient tax losses brought forward to set off against assessable profit.

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$2,000,000 of assessable profits of a qualifying corporations of the Group will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of other Group's corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

15 TAXATION (continued)

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

	2022 **HK$'000**	2021 HK$'000
Profit/(loss) before taxation	**8,162**	(5,654)
Tax charge at Hong Kong Profits Tax Rate of 16.5%	**1,347**	(933)
Tax effect of expenses not deductible for tax purpose	**1,493**	1,397
Tax effect of income not taxable for tax purpose	**(37)**	(343)
Utilisation of tax loss not previously recognised	**(190)**	–
Unused tax losses not recognised	**(2,613)**	(121)
Taxation for the year	**–**	–

At the end of the reporting period, the Group has unused tax losses of approximately HK$34,000,000 (2021: HK$44,912,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

16 EARNINGS/(LOSS) PER SHARE

	2022 **HK$'000**	2021 HK$'000
Earnings/(loss):		
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share	**8,162**	(5,654)
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**80,000,000**	42,300,762
Effect of dilutive potential ordinary share arising from share option	**3,707,000**	2,271,000
Weighted average number of shares that would have been issued at average market prices	**(1,674,000)**	(499,000)
Weighted average number of ordinary shares for the prupose of diluted earnings per share	**82,033,000**	44,072,762

The weighted average number of ordinary shares for the year ended 31 March 2021 has been adjusted and restated after the share consolidation completed in April 2022 was deemed to be effective throughout the year ended 31 March 2021.

No diluted loss per share is presented for the years ended 31 March 2021, as the outstanding share options did not have any dilutive effect and was not included in the calculation of diluted loss per share.

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Other office equipment HK$'000	Total HK$'000
COST						
As at 1 April 2020	2,064	329	706	757	352	4,208
Additions	–	–	37	31	3	71
Transfer from right-of-use assets	–	–	711	–	–	711
Disposal	–	–	–	(35)	–	(35)
As at 31 March 2021 and 1 April 2021	2,064	329	1,454	753	355	4,955
Additions	–	–	50	67	47	164
As at 31 March 2022	**2,064**	**329**	**1,504**	**820**	**402**	**5,119**
ACCUMULATED DEPRECIATION						
As at 1 April 2020	2,064	329	706	538	259	3,896
Provided for the year	–	–	71	92	48	211
Transfer from right-of-use assets	–	–	516	–	–	516
Disposal	–	–	–	(32)	–	(32)
As at 31 March 2021 and 1 April 2021	2,064	329	1,293	598	307	4,591
Provided for the year	–	–	135	83	38	256
As at 31 March 2022	**2,064**	**329**	**1,428**	**681**	**345**	**4,847**
CARRYING AMOUNT						
As at 31 March 2022	**–**	**–**	**76**	**139**	**57**	**272**
As at 31 March 2021	–	–	161	155	48	364

18 RIGHT-OF-USE ASSETS

	Motor vehicles HK$'000	Leasehold properties HK$'000	Total HK$'000
Carrying amount			
At 31 March 2022	–	7,072	7,072
At 31 March 2021	–	2,991	2,991
For the year ended 31 March 2022			
Depreciation charge	–	2,282	2,282
For the year ended 31 March 2021			
Depreciation charge	71	2,889	2,960

	2022 HK$'000	2021 HK$'000
Expenses relating to short-term leases	**115**	374
Early termination of lease	**(2,570)**	–
Additions to right-of-use assets *(Note (a))*	**8,933**	–
Total cash outflow of leases *(Note (b))*	**2,492**	3,082

During the current year, the Group leases properties and motor vehicle for self-own use. Lease contracts are entered into for fixed term of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes:

(a) Amount includes right-of-use assets resulting from new leases entered.

(b) Amount includes payment of principals and interest portion of lease liabilities and short-term leases. These amounts could be presented in operating or financing cash flows.

19 ACCOUNT AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Account receivables	**39,521**	52,273
Less: allowance for ECL	**(4,781)**	(9,488)
	34,740	42,785
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	**–**	2,474
– Rental and utility deposits	**840**	930
– Prepayment	**377**	460
– Other receivables	**62**	62
	1,279	3,926
Total accounts and other receivables	**36,019**	46,711

The Group allows an average credit period of 30 days to its customers. The ageing analysis of the Group's account receivables, net of ECL, based on invoice date at the end of each reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Within 30 days	**32,858**	35,371
31 – 60 days	**1,114**	5,901
61 – 120 days	**–**	22
121 – 365 days	**–**	703
Over 365 days	**768**	788
	34,740	42,785

Details of assessment of ECL of account receivables are set out in note 7.

20 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2022, the Group had pledged bank deposits of HK$903,000 (2021: HK$1,802,000) which carried interest at 0.10% per annum. These bank deposits were pledged to secure the factoring facilities granted to the Group.

Bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the years ended 31 March 2022 and 2021.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Life insurance policies *(Note)*	**10,330**	10,103

Note:

The Group entered into a life insurance policy with an insurance company to insure against the death and permanent disability of an executive director. Under the policy, the beneficiary and policy holder is Aeso Limited, a wholly owned subsidiary of the Company, and the total insured sum is approximately US$5,000,000 (equivalent to HK$38,750,000). The contract will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contract. The Company has paid out a total insurance premium with an aggregate amount of approximately US$1,312,076 (equivalent to approximately HK$10,260,000) at the inception of the policy. A guaranteed interest rate of 4.25% per annum applied to the contract for the first year, followed by the discretionary portion with a minimum guaranteed interest rate of 2% per annum for the following years until termination. The Group may request a surrender of the contract at any time and receive cash refund based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus the surrender charge. The surrender charge as at 31 March 2022 is US$185,124 (approximately HK$1,444,000) (2021: US$190,104 (approximately HK$1,483,000)). The amount of the surrender charge decreases over time and will no longer be required from the 19th year of the contract conclusion onwards. The fair value is based on redemption value quoted by the insurance company.

The financial assets at FVTPL was used for securing the facilities granted to the Group for the years ended 31 March 2022 and 2021.

22 ACCOUNT AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Account payables	**17,525**	8,583
Accruals	**1,482**	2,713
Deposits received	**8,000**	8,000
Retention payables	**12,690**	11,150
	39,697	30,446

The average credit period on account payables is 30 days. The aging analysis of account payables based on invoice date at the end of each reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Within 30 days	**17,525**	8,583

23 CONTRACT ASSETS/CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract assets:		
Construction services	**32,411**	11,639
Retention receivables	**23,957**	10,165
	56,368	21,804
Allowance for ECL	**(3,111)**	(3,328)
	53,257	18,476
Contract liabilities:	**12,673**	28,459

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts at the reporting date. The contract assets are transferred to account receivables where the rights become unconditional.

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

The expected timing of recovery or settlement for contract assets is as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**39,702**	16,505
More than one year	**13,555**	1,971
	53,257	18,476

Contract assets and contract liabilities which are expected to be recovered/settled within Group's normal operating cycle, are classified as current assets and current liabilities respectively.

Revenue recognised during the year ended 31 March 2022 that was included in contract liabilities at the beginning of the year amounted to HK$28,459,000 (2021: HK$19,985,000).

Details of assessment of ECL of contract assets are set out in note 7.

The increase in contract assets in 2022 was result of the increase in the provision of construction services at the end of each of the years.

The decrease in contract liabilities in 2022 was mainly due to the decrease in advances received from customers in relation to the provision of construction services at the end of the reporting period.

24 BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

	2022	2021
	HK$'000	HK$'000
Carrying amount of bank borrowings that are contain a repayment on demand clause	**27,998**	6,959
Amounts due within twelve months shown under current liabilities	**27,998**	6,959

For the years ended 31 March 2022 and 31 March 2021, the Group's bank borrowings were secured by personally guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at FVTPL (note 21) and the pledged bank deposits held by the Group (note 20).

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings were as follows:

	2022	2021
Effective interest rate	**1.38% – 3.08%**	1.42%

25 LEASE LIABILITIES

The Group entered into lease arrangements with independent third parties in relation to certain properties and motor vehicles. The lease terms ranged are 4 years (2021: 3 years). The weighted average incremental borrowing rates applied to lease liabilities was 6.49% and 6.54% per annum as at 31 March 2022 and 2021, respectively.

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,331**	2,607	**2,201**	2,568
Within a period of more than one year but not exceeding two years	**4,662**	434	**4,545**	433
Within a period of more than two years but not exceeding five years	**389**	–	**387**	–
	7,382	3,041	**7,133**	3,001
Less: Future finance charge	**(249)**	(40)	**–**	–
Present value of lease obligation	**7,133**	3,001	**7,133**	3,001
Less: Amount due for settlement within twelve months shown under current liabilities			**(2,201)**	(2,568)
Amount due for settlement after twelve months shown under non-current liabilities			**4,932**	433

26 SHARE CAPITAL

The share capital of the Group as represents the share capital of the Company and details are disclosed as follows:

	Number of shares	Par value US$	Amount US$
Authorised:			
At 1 April 2020	500,000,000	0.01	5,000,000
Increase in authorised share capital *(Note (a))*	1,500,000,000	0.01	15,000,000
At 31 March 2021, 1 April 2021 and 31 March 2022	2,000,000,000	0.01	20,000,000
Issued and fully paid:			
At 1 April 2020	200,000,000	0.01	2,000,000
Right issue *(Note (b))*	600,000,000	0.01	6,000,000
At 31 March 2021, 1 April 2021 and 31 March 2022	800,000,000	0.01	8,000,000
Shown in the consolidated financial position as at 31 March 2022 (in HK$'000)			62,400
Shown in the consolidated financial position as at 31 March 2021 (in HK$'000)			62,400

Notes:

(a) Pursuant to the ordinary resolutions passed on 12 October 2020, the total authorised share capital of the Company was increased from US$5,000,000 divided into 500,000,000 ordinary shares of par value US$0.01 each to US$20,000,000 by the creation of additional 1,500,000,000 ordinary shares of par value US$0.01 each.

(b) On 25 November 2020, the Company issued and allotted 600,000,000 ordinary shares of par value US$0.01 each to qualifying shareholders pursuant to the rights issue on the basis of three rights share for every one existing shares held by the qualifying shareholders on 25 November 2020 at the subscription price of US$0.01 per rights share ("Rights Issue"), and raised gross proceeds of approximately HK$48,000,000, of which approximately HK$46,800,000 was credited to share capital and the balance of approximately HK$1,200,000 (before share issuance expenses) was credited to the share premium account of the Company.

During the year ended 31 March 2021, share issuance expenses mainly include share underwriting commission, lawyers' fees and other related costs associated with the Rights Issue. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately HK$1,786,000 was treated as a deduction against the share premium account arising from the Rights Issue.

27 SHARE OPTION

The Company has a share option scheme which was adopted on 30 September 2019 whereby the directors of the operates Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for ordinary shares of the Company. The purpose of the scheme is to enable the Company to grant options to selected Eligible Participants as incentives or rewards for their contribution to the Company and/or the subsidiaries and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. The share option scheme shall be valid and effective for a period of ten years commencing on the date on which the share option scheme become effective, after which no further options will be granted.

The exercise price of options is the highest of the nominal value of the shares (if any), the closing price of the shares on the Stock Exchange on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant.

Details of the movements of the share options granted by the Company pursuant to the share option scheme from the date of grant are as below:

2022

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Granted during the year *(Note (i))*	Exercised during the year	Lapsed during the year	No. of options outstanding at the end of the year	Exercise price per share
Directors								
Chan Siu Chung	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	–	–	–	2,838,709	HK$0.3135
	12 July 2021	12 July 2021 to 11 July 2024	–	4,000,000	–	–	4,000,000	US$0.01
Cheung Hiu Tung	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	–	–	–	2,838,709	HK$0.3135
Zhang Hai Wei	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	–	–	–	2,838,709	HK$0.3135
	12 July 2021	12 July 2021 to 11 July 2024	–	8,000,000	–	–	8,000,000	US$0.01
Other employees	15 November 2019	15 November 2019 to 14 November 2022	19,870,970	–	–	(5,677,420)	14,193,550	HK$0.3135
	12 July 2021	12 July 2021 to 11 July 2024	–	8,000,000	–	–	8,000,000	US$0.01
Total			28,387,097	20,000,000	–	(5,677,420)	42,709,677	

27 SHARE OPTION (continued)

2021

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Adjustments due to right issue during the year *(Note (iii))*	Granted during the year	Exercised during the year	Lapsed during the year	No. of options outstanding at the end of the year	Exercise price per share (HK$)	Adjusted exercise price per share (HK$) *(Note (iii))*
Directors										
Chan Siu Chung	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	–	–	–	2,838,709	0.445	0.3135
Cheung Hiu Tung	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	–	–	–	2,838,709	0.445	0.3135
Zhang Hai Wei	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	–	–	–	2,838,709	0.445	0.3135
Employees	15 November 2019	15 November 2019 to 14 November 2022	14,000,000	5,870,970	–	–	–	19,870,970	0.445	0.3135
Total			20,000,000	8,387,097	–	–	–	28,387,097	0.445	0.3135

Notes:

(i) During the year ended 31 March 2022, the Company granted a total of 20,000,000 share options (the "Option(s)") to certain eligible participants (the "Grantees"), to subscribe for ordinary shares of US$0.01 each of the Company subject to the acceptance of the Grantees and the payment of HK$1.00 by each of the Grantees upon acceptance of the Options on 12 July 2021. Out of the above 20,000,000 Options, 12,000,000 Options were granted to certain Directors and substantial shareholder of the Company while the remaining Options were granted to an employee of the Company and its subsidiaries. The share option granted shall be valid and effective for a period of three years ending on 11 July 2024.

(ii) During the years ended 31 March 2021, no share option was cancelled, exercised or lapsed.

(iii) Adjustments are made for right issue.

27 SHARE OPTION (continued)

The fair value of share options were calculated using the Binomial Model. The inputs into the model were as follows:

	15 November 2019	12 July 2021
Grant date share price	HK$0.395	HK$0.052
Exercise price	HK$0.445	US$0.01
Expected volatility	129.95%	216.01%
Expected life	3 years	3 years
Risk-free rate	1.68%	1.05%
Expected dividend yield	0%	0%

28 RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

29 PLEDGE OF ASSETS

At the end of each reporting period, the carrying amount of the asset pledged by the Group to a bank in order to secure a factoring facility granted by a bank to the Group was as follows:

	2022 **HK$'000**	2021 HK$'000
Financial assets at fair value through profit or loss	**10,330**	10,103
Pledged bank deposits	**903**	1,802
	11,233	11,905

30 MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group has following material related party transactions during the year:

(a) Compensation of key management personnel

The directors are identified as the key management personnel of the Company, and their compensations during the year is set out in note 13.

(b) As at 31 March 2022 and 2021, bank borrowings (note 24) and surety bond (note 32) were secured by personal guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at FVTPL and pledged bank deposits held by the Group.

31 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 flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bank borrowings	Other borrowings	Lease liabilities	Advances drawn on account receivables factored with recourse	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	7,344	36,982	5,616	7,000	56,942
Accrued interest	146	1,427	93	110	1,776
Interest paid	(146)	(1,427)	–	(110)	(1,683)
Financing cash outflows	(385)	(36,982)	(2,708)	(51,687)	(91,762)
Financing cash inflows	–	–	–	44,687	44,687
At 31 March 2021 and 1 April 2021	6,959	–	3,001	–	9,960
Accrued interest	**351**	**–**	**153**	**–**	**504**
Interest paid	**(351)**	**–**	**–**	**–**	**(351)**
Addition of lease liabilities	**–**	**–**	**8,933**	**–**	**8,933**
Early termination of lease	**–**	**–**	**(2,577)**	**–**	**(2,577)**
Financing cash outflows	**(57,992)**	**–**	**(2,377)**	**–**	**(60,369)**
Financing cash inflows	**79,031**	**–**	**–**	**–**	**79,031**
At 31 March 2022	**27,998**	**–**	**7,133**	**–**	**35,131**

32 SURETY BOND

A customer of construction contract undertaken by the Group requires a group entity to issue guarantee for performance of contract works in the form of surety bond. The Group provided a counter-indemnity to a bank that issued such surety bond. As at 31 March 2022, deposit placed for surety bond was approximately HK$903,000 (2021: HK$1,802,000) (note 20). The security bond also secured by personal guarantee of Mr. Chan, certain asset held by Mr. Chan and financial asset at FVTPL held by the Group.

As at 31 March 2022 and 2021, the amount of surety bond provided by the Group was HK$7,275,000 and HK$2,128,000 respectively.

33 PARTICULARS OF SUBSIDIARIES

The following is a list of the subsidiaries which, in the opinion of the Directors, principally affected the results of the Group for the years ended 31 March 2022 and 2021 or formed a substantial portion of the net assets of the Group.

Name of Companies	Place of establishment	Paid up registered capital	Equity interest attributable to the Group 2022	Equity interest attributable to the Group 2021	Principal activity
Aeschylus Limited	BVI	US$1	**100%**	100%	Investment holding
Aeso Limited	Hong Kong	HK$1,000,000	**100%**	100%	Premise enhancement solution service in Hong Kong by providing contracting service (i) the internal fitting-out of newly built commercial premises and residential developments and (ii) the renovation work as well as alteration and addition work for existing commercial premises

34 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2022 HK$'000	2021 HK$'000
Non-current assets		
Right-of-use assets	**3,536**	–
Current assets		
Prepayments, deposits and other receivables	**767**	352
Amount due from a subsidiary *(Note)*	**6,922**	12,845
Bank balances and cash	**629**	679
	8,318	13,876
Current liabilities		
Accruals and other payables	**751**	1,260
Lease liabilities	**1,101**	–
	1,852	1,260
Net current assets	**6,466**	12,616
Total asset less current liabilities	**10,002**	12,616
Non-current liabilities		
Lease liabilities	**2,466**	–
	2,466	–
Net assets	**7,536**	12,616
Capital and reserves		
Share capital	**62,400**	62,400
Reserves	**(54,864)**	(49,784)
Total equity	**7,536**	12,616

Note: Amount due from a subsidiary is unsecured, interest-free and repayable on demand.

The consolidated financial statements were approved and authorised for issued by the board of directors on 30 June 2022 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Cheung Hiu Tung
Executive Director

34 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Reserves of the Company

The following table shows the movements of the reserves of the Company:

	Share premium HK$'000	Accumulated losses HK$'000	Share option reserve HK$'000	Other reserve HK$'000 *(Note)*	Total HK$'000
At 1 April 2020	40,201	(81,597)	4,182	(4,887)	(42,101)
Loss for the year	–	(7,097)	–	–	(7,097)
Right issue *(note 26)*	1,200	–	–	–	1,200
Transaction cost related to issue shares	(1,786)	–	–	–	(1,786)
At 31 March 2021 and 1 April 2021	39,615	(88,694)	4,182	(4,887)	(49,784)
Lapsed of share options	–	1,108	(1,108)	–	–
Granted of share options	–	–	521	–	521
Loss for the year	–	(5,601)	–	–	(5,601)
At 31 March 2022	**39,615**	**(93,187)**	**3,595**	**(4,887)**	**(54,864)**

Note:

Other reserve represents the fair value adjustment of non-current interest-free amount due from a subsidiary recognised at initial recognition.

35 AUTHORISATION OF ISSUE OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement were approved and authorised for issue by the Board of Directors on 30 June 2022.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED RESULTS					
Revenue	**218,014**	125,049	199,939	88,913	96,306
Profit/(loss) before taxation	**8,162**	(5,654)	(27,422)	(12,496)	(35,300)
Taxation	**–**	–	–	57	55
Profit/(loss) for the year	**8,162**	(5,654)	(27,422)	(12,439)	(35,245)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company	**8,162**	(5,654)	(27,422)	(12,439)	(35,245)

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	**115,609**	88,290	119,645	75,262	72,680
Total liabilities	**(87,501)**	(68,865)	(140,780)	(73,157)	(55,484)
Net assets/(liabilities)	**28,108**	19,425	(21,135)	2,105	17,196