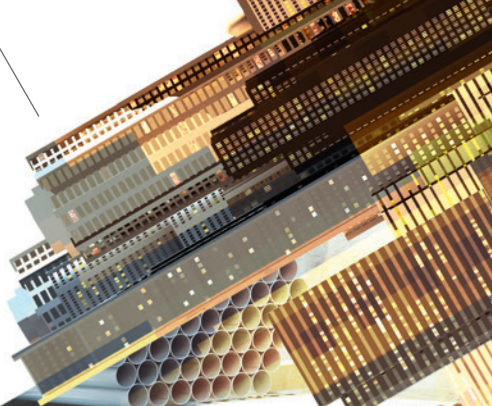
Golden Ponder Holdings Limited

金侖控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1783



ANNUAL REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Tong *(Chairman)*
Mr. Chan Kam Ming

Independent Non-executive Directors

Mr. Hau Wing Shing Vincent
Mr. Szeto Cheong Mark
Mr. Wan Simon

AUDIT COMMITTEE

Mr. Szeto Cheong Mark *(Chairman)*
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

REMUNERATION COMMITTEE

Mr. Wan Simon *(Chairman)*
Mr. Chan Kam Ming
Mr. Szeto Cheong Mark

NOMINATION COMMITTEE

Mr. Chan Kam Tong *(Chairman)*
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

COMPANY SECRETARY

Mr. Wong Chi Chui

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Tong
Mr. Chan Kam Ming

COMPLIANCE ADVISER

Dakin Capital Limited
Suites 4505-6, 45/F
Tower 1
Lippo Centre
89 Queensway
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices F & G, Floor 23, Maxgrand Plaza
No.3 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL BANKERS

The Bank of East Asia, Limited

G/F, Kalok Building
720-722 Nathan Road
Mongkok
Kowloon
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

HSBC Main Building
1 Queen's Road Central
Central
Hong Kong

Bank of Communications Co., Ltd. Hong Kong Branch

20 Pedder Street
Central
Hong Kong

WEBSITE

www.headfame.com.hk
(the content of which do not form part of this report)

STOCK CODE

1783

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
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

FINANCIAL HIGHLIGHTS

	2019 HK$'000	2018 HK$'000	Change
Revenue	**425,773**	448,556	(5.1%)
Profit before income tax expense	**22,383**	29,099	(23.1%)
Profit attributable to owners of the Company	**16,824**	23,324	(27.9%)
Earnings per share			
– basic and diluted (HK cent)	**2.33 cents**	3.89 cents	(40.1%)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Golden Ponder Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the first annual report for the year ended 31 March 2019 since the listing of the ordinary shares of the Company (the "**Shares**") on the Main Board (the "**Listing**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 August 2018 (the "**Listing Date**").

The successful Listing of the Company marked an important milestone for the Group, which strengthened our market position and market share. On behalf of the Group, I would like to express our most sincere gratitude to all the real estate developers, business partners and other parties who have helped us to build our business over the years.

Looking forward, even though we expect the Hong Kong construction market to remain competitive and unstable due to the uncertainties of the global economics in the forthcoming year, we believe that with our strength, healthy financial position and excellent reputation, we will not only maintain our normal business operations and well-deserved profits, but also consider the potential business developments of other construction sectors, leveraging the advantages and resources of a listed company to expand the profit base for the shareholders of the Company (the "**Shareholder(s)**").

On behalf of the Group, I would like to express our gratitude to all customers, suppliers, banks, business partners and Shareholders for their continuous support; as well as the management team and all employees of the Group for their invaluable contributions to the development of the Group.

Chan Kam Tong
Chairman

Hong Kong, 25 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The principal activities of the Group are the provision of superstructure building and repair, maintenance, alteration and addition ("**RMAA**") works service as a main contractor in Hong Kong.

Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of the Group's superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure.

The Company successfully listed its Shares on the Main Board of the Stock Exchange on 22 August 2018. The net proceeds received from the Listing (the "**Net Proceeds**") have significantly contributed to the Group's available financial resources and the Group is committed to implementing its future plans and business strategies according to the schedule set out in the the Company's prospectus dated 7 August 2018 (the "**Prospectus**").

Looking ahead, even though the Group is aware that the global economic environment is likely to remain unstable in the coming year, the Group is cautiously optimistic about the outlook for its business in coming financial year, and will continue to (i) use its best endeavors and prudence to bid for new development projects, (ii) strengthen its manpower resources, and (iii) adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

Superstructure Building Works

During the year ended 31 March 2019, there were 8 (2018: 7) superstructure building works projects contributing revenue of approximately HK$285.5 million (2018: approximately HK$420.7 million) to this business segment.

RMAA Works

During the year ended 31 March 2019, there were 10 (2018: 7) RMAA works projects contributing revenue of approximately HK$140.3 million (2018: approximately HK$27.9 million) to this business segment.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK$425.8 million, representing a decrease of approximately HK$22.8 million, or 5.1% compared to approximately HK$448.6 million for the year ended 31 March 2018. The decrease in total revenue was mainly attributable to a decrease in revenue from superstructure building works of approximately HK$135.2 million, despite of an increase in revenue from RMAA works of approximately HK$112.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2019 amounted to approximately HK$45.0 million, representing an increase of approximately HK$1.0 million, or approximately 2.3% compared to approximately HK$44.0 million for the year ended 31 March 2018. The overall gross profit margin for the year ended 31 March 2019 increased to approximately 10.6% as compared to approximately 9.8% for the year ended 31 March 2018. The increase was mainly due to an increase in gross profit margin of RMAA works segment during the year ended 31 March 2019.

Other Income

The other income of the Group for the year ended 31 March 2019 amounted to approximately HK$4.5 million, representing an increase of approximately HK$3.0 million or 200.0% compared to approximately HK$1.5 million for the year ended 31 March 2018. The increase was mainly due to (i) one-off interest income from public offer over subscription fund, (ii) interest income from fixed deposit on unutilised proceeds, and (iii) recovery of bad debts for the year ended 31 March 2019.

Administrative and Other Expenses

The administrative and other expenses of the Group for the year ended 31 March 2019 amounted to approximately HK$27.0 million, representing an increase of approximately HK$10.8 million or 66.7% compared to approximately HK$16.2 million for the year ended 31 March 2018. The increase was mainly due to (i) the one-off Listing expenses of approximately HK$9.4 million for the year ended 31 March 2019 (2018: approximately HK$5.3 million), (ii) an increase in legal and professional fee of approximately HK$2.2 million, (iii) an increase in donation to charity of approximately HK$1.0 million, (iv) an increase in rental fee of approximately HK$0.7 million due to the expansion of workforce and (v) an increase in miscellaneous expenses of approximately HK$2.8 million.

Profit Attributable to Owners of the Company

The Group recorded profit attributable to owners of the Company of approximately HK$16.8 million for the year ended 31 March 2019 as compared to approximately HK$23.3 million for the year ended 31 March 2018, representing a decrease of approximately HK$6.5 million or 27.9%. Save for the non-recurring Listing expenses of approximately HK$9.4 million for the year ended 31 March 2019 (2018: approximately HK$5.3 million), the Group would have an adjusted net profit of approximately HK$26.2 million for the year ended 31 March 2019 (2018: approximately HK$28.6 million), representing a decrease of approximately 8.4%.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Group had a total of cash and cash equivalents (including restricted bank deposits) of approximately HK$75.4 million (31 March 2018: approximately HK$24.7 million). The increase was primarily due to the Net Proceeds in August 2018.

Current ratio increased from 1.8 as at 31 March 2018 to 2.7 as at 31 March 2019, mainly due to an increase in cash and bank balances. Gearing ratio decreased from 10.3% as at 31 March 2018 to nil as at 31 March 2019, mainly due to the utilisation of Net Proceeds to repay the Group's bank loans.

The capital structure of the Group consisted of equity of approximately HK$190.3 million (31 March 2018: approximately HK$83.5 million) and debts (bank loans and obligations under finance leases) of approximately HK$30,000 (31 March 2018: approximately HK$8.6 million) as at 31 March 2019. The details of bank borrowings of the Group are set out in note 25 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditure

Total capital expenditure for the year ended 31 March 2019 was approximately HK$2.0 million, which was mainly due to rent a new office for business expansion.

Contingent Liabilities and Claims

Save as disclosed in note 36 to the consolidated financial statements, the Group had no other contingent liabilities and claims as at 31 March 2019.

Capital Commitments

As at 31 March 2019, there were no significant capital commitments for the Group.

Treasury Policy

The Group adopted a prudent approach in cash management. Apart from certain debts including obligations under finance leases, the Group did not have any material outstanding debts as at 31 March 2019.

Foreign Exchange Exposure

The Group was not exposed to foreign exchange risk during the year ended 31 March 2019.

Significant Investments Held

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2019.

Charges on Assets

As at 31 March 2019, a bank deposit of approximately HK$12.0 million was pledged to secure the banking facilities granted to the Group. In addition, the Group had surety bonds being secured by certain deposits payment from a subsidiary of the Group and some of which were guaranteed by the Company.

Segment Information

Segmental information is presented for the Group as disclosed in note 6 to the consolidated financial statements.

Employees and Remuneration Policies

As at 31 March 2019, the Group employed a total of 59 employees (including executive Directors), as compared to a total of 55 employees as at 31 March 2018. The total salaries and related costs (including Directors' fee) for the year ended 31 March 2019 were approximately HK$24.0 million (2018: approximately HK$23.8 million.) The remuneration package of the Group offered to the employees includes salaries, bonuses and other cash subsidies. In general, the Group would determine each employee's salary based on their qualifications, positions and seniorities. The Group has devised an annual review system to assess the performance of the employees, which forms the basis of the decisions with respect to an increase in salary, distribution of bonuses and promotions.

The emoluments of the Directors are decided by the Board and recommended by the remuneration committee of the Company (the "**Remuneration Committee**"), having considered the factors such as the Group's financial performance and the individual performance of the Directors.

The Company has adopted a share option scheme (the "**Share Option Scheme**") to provide incentives and rewards to the Directors and eligible employees for their contribution to the Group.

USE OF NET PROCEEDS

Net Proceeds from the Listing

The Company successfully listed its Shares on the Main Board of the Stock Exchange on 22 August 2018 and a total of 200,000,000 Shares by way of public offer and placing at a price of HK$0.55 each were offered for subscription. The Net Proceeds, after deducting the underwriting fees, the Stock Exchange trading fee and the Securities and Futures Commission transaction levy and Listing expenses in connection with the Listing, amounted to approximately HK$78.5 million. As at 31 March 2019, the Group had used up approximately HK$48.2 million of the Net Proceeds.

An analysis of the utilisation of the Net Proceeds from the Listing Date up to 31 March 2019 is set out below:

	Planned use of net proceeds stated in the Prospectus	Actual use of net proceeds up to 31 March 2019	Unutilised amount up to 31 March 2019
	HK$ million	*HK$ million*	*HK$ million*
To take out surety bonds for contracts we have secured or plan to secure	54.1	28.6	25.5
To finance our upfront cost and working capital requirement for one superstructure building project awarded to us	9.4	9.4	–
To expand our workforce and strengthen our manpower resources	4.8	–	4.8
To repay bank borrowings	10.2	10.2	–
	78.5	48.2	30.3

As at the date of this annual report, the unutilised proceeds were placed as interest bearing deposits with licensed bank in Hong Kong.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Kam Tong（陳金棠）("Mr. KT Chan"), aged 57, is the chairman of the Board and an executive Director. He was appointed as a Director on 11 May 2017 and was redesignated as an executive Director and appointed as the chairman of the Board on 25 July 2018. Mr. KT Chan is the co-founder of Head Fame Company Limited ("**Head Fame**") and has been a director of that company since 22 April 2002. He is also a director of Century Success Limited. Mr. KT Chan is responsible for the overall strategic planning, business development, and corporate management and sales and marketing of the Group.

Mr. KT Chan has over 32 years of experience in the construction industry since his joining in Head Fame in 1985. Mr. KT Chan also holds public position in the construction industry. He is currently a director of Hong Kong General Building Contractors Association Limited and a Council Member of the Eighth Committee of Hong Kong General Building Contractors Association.

Mr. KT Chan obtained a Bachelor of Science Degree in Construction Engineering & Management from The Queen's University of Brighton in July 2006. He completed a long distance course and obtained an Entrepreneur MBA Certificate for construction industry awarded by Distance Education College of Fudan University（復旦大學網路教育學院）in September 2006.

Mr. Chan Kam Ming（陳金明）("Mr. KM Chan"), aged 56, is the chief executive officer of the Company and an executive Director. He was appointed as a Director on 11 May 2017 and was redesignated as an executive Director and appointed as the chief executive officer of the Company on 25 July 2018. Mr. KM Chan is the co-founder of Head Fame and has been a director of that company since 5 February 2001. He is also a director of Century Success Limited. Mr. KM Chan is responsible for formulating corporate and business strategies and making major operation decisions of the Group.

Mr. KM Chan has over 32 years of experience in the construction industry since his joining in Head Fame in 1985. Mr. KM Chan has been the Authorised Signatory and a Technical Director of Head Fame since September 1999 and August 2002 respectively. His responsibilities in the Group include formulating and determining corporate and business strategies, making major operation decisions, monitoring the business operations, estimating the construction projects, administrating tendering matters, as well as reviewing and approving main contracts and subcontracts.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hau Wing Shing Vincent（侯穎承）("Mr. Hau"), aged 46, was appointed as an independent non-executive Director on 24 July 2018. He is also a member of the audit committee of the Company (the "**Audit Committee**") and nomination committee of the Company (the "**Nomination Committee**"). He is primarily responsible for providing independent judgment on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group.

Mr. Hau obtained his bachelor's degree in laws from The University of Hong Kong in December 1994. Mr. Hau was admitted in August 1997 as a solicitor of the High Court of the Hong Kong Special Administrative Region and is still currently practising as a solicitor. He served as an assistant solicitor in Joseph S.C. Chan & Co. Solicitors from August 1997 and later served as a partner from September 2000 to May 2006. Since May 2006, Mr. Hau has been serving as a senior partner in Messrs. V. Hau & Chow. He is now the honorary legal advisors of Hong Kong Chinese Civil Servants' Association, Hong Kong Nurses General Union and Shining Stars Foundation Hong Kong.

Mr. Hau focuses his practice on commercial transactions, litigation, banking and insolvency. He has experience in advising on compliance matters for listed companies and handling criminal cases involving directors of a wholly-owned subsidiary of a company listed on the Stock Exchange. Since November 2015, Mr. Hau has been a director of WLS Limited, which is a subsidiary of Milan Station Holdings Limited (stock code: 1150) and is engaged in retailing of spa and wellness products. Mr. Hau is in charge of the business operation, cash flow and compliance matters for WLS Limited and assists to prepare and review the commercial documents for Milan Station Holdings Limited.

Mr. Szeto Cheong Mark（司徒昌）("Mr. Szeto"), aged 49, was appointed as an independent non-executive Director on 24 July 2018. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. He is primarily responsible for providing independent judgment on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group.

Mr. Szeto has approximately 24 years of experience in finance and accounting. Mr. Szeto is currently serving as a chief executive officer in Apps Factory Company Limited. Prior to this, he served as the chief executive officer in Glorious FX Limited and resigned in May 2018 where he was responsible for the group's investment activities. From November 2004 to April 2010, Mr. Szeto served and participated in numerous project financing and restructuring transactions in financial institutions and companies. Over the period, he served in various positions at Standard Chartered Bank, among which included the role of a director of the strategic client coverage group where he was responsible for the origination for corporate finance and capital markets businesses. His last position at Standard Chartered Bank was a director of the GM structured trade finance department. From July 1996 to June 1997, he worked as a manager in the project finance team at a financial advisory company, Peregrine Fixed Income Limited. In 1995, he started to work as an analyst in the Asia project finance group and continued in that role up to June 1996 at Lehman Brothers Asia Holdings Limited where he performed financial analyses and participated in contract negotiations.

Mr. Szeto obtained his bachelor's degree of science in human biology and a master's degree of MBA in accounting from University of Toronto in June 1990 and June 1992 respectively. He obtained the certificate of membership from American Institute of Certified Public Accountants in May 1994 and became an associate of Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants ("**HKICPA**")) in September 1994.

Mr. Wan Simon (溫耀祥) ("Mr. Wan"), aged 51, was appointed as an independent non-executive Director on 24 July 2018. He is also the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee. He is primarily responsible for providing independent judgment on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group.

Mr. Wan Simon has nearly 24 years of experience in the sales and marketing of the building materials or interior products. Prior to joining the Group, he worked in several companies where his role was liaising with main contractors to execute subcontract works in each construction project, like providing technical skills and solutions to installation works and ensuring the suitability of building materials or interior products. He served 6 years in Milliken & Company till November 2000 with his last position as a senior territory manager. Milliken & Company operates in a breadth of disciplines including specialty chemical, floor covering and performance materials. From May 2001 to February 2002, he worked as a project manager in Herman Miller Hong Kong Ltd., a furniture company. From April 2003 to September 2004, he worked at Dupont Textiles & Interiors (Hong Kong) Limited (now known as INVISTA (Hong Kong) Ltd.) as a regional maintenance operations manager.

Since December 2004, Mr. Wan Simon has been working in Sebel Furniture (Hong Kong) Limited, which is a leading manufacturer and supplier of educational and school furniture. His current position is a regional manager, Asia and his duties are to sustain business growth through regional and local expansion plans within key market segments through direct and channel distribution and to prepare and manage tender packages that require additional technical knowledge during the bidding process to marginalise over potential errors.

Mr. Wan Simon obtained his bachelor's degree of science in building from South Bank University in June 1992.

SENIOR MANAGEMENT

Mr. Wan Sze Hok Wilson（**溫士學**）(“**Mr. Wilson Wan**”), aged 69, is a contracts manager of the Group. He joined the Group in January 2016 as a contracts manager of Head Fame and served as a director of Head Fame since 22 May 2017. Mr. Wilson Wan is responsible for administering overall tender bidding, contracts including main contracts and subcontracts, and budget control of the project construction in the Group.

Mr. Wilson Wan has over 38 years of experience in the construction industry. Prior to joining the Group, Mr. Wilson Wan had handled various types of construction activities including demolition works, piles foundation works, alteration and addition works, building construction, government works and historical building renovation in Hong Kong. He worked in Cheong Ming Construction & Engineering Co., Ltd. from June 1979 to November 1987 for his last position of that company as a site quantity surveyor. He served as quantity surveyor in Kumagai Gumi (Hong Kong) Limited from December 1987 to May 1990 and as a senior a quantity surveyor in Wah Seng General Contractors Ltd. from April 1995 to August 2005. From November 2007 to October 2015, he served his last position in New City Construction Co., Ltd as a contracts manager and a technical director.

Mr. Wilson Wan obtained a higher certificate in building studies from Hong Kong Polytechnic University in November 1988 and a bachelor of science degree with a major in construction management with emphasis in quantity surveying from Pacific Western University in February 1990. He also obtained a bachelor of engineering technology degree and a master of construction engineering and management degree from Griffith University in March 2008 and September 2005 respectively. He further graduated from City University of Hong Kong with the degree of engineering doctorate in July 2014.

Mr. Wilson Wan was admitted as a member of the Chartered Institute of Building and a member of the Institution of Civil Engineers in November 2007 and June 2008 respectively. In November 2012, Mr. Wilson Wan was elected as a professional member of the Royal Institution of Chartered Surveyors.

Mr. Lee Kam Meng（**李金明**）**(“Mr. Lee”)**, aged 64, is a general site supervisor of the Group. He joined the Group in November 2015 as the supervisor of Head Fame and was promoted to be a general site supervisor. Mr. Lee’s duty is to manage and monitor overall site supervisions and all site activities of the Group’s projects.

Mr. Lee has over 40 years of on-hand experience in building construction where he started his career in a construction company, Shun Shing Construction & Engineering Co., Ltd. (“**Shun Shing**”) in 1977. After he resigned from Shun Shing in December 2009, he worked as a site agent in Leung Cheung Shing Construction & Engineering Co., Ltd. till February 2015. Within his services in this field, he has undergone major projects including but not limited to casino projects in Macau, administration building of Yan Chai Hospital and Leung King Estate public housing.

In addition, Mr. Lee has been a safety officer registered in Hong Kong since June 1994. He obtained a diploma and a professional diploma in occupational health and safety from Li Ka Shing Institute of Professional and Continuing Education, Open University of Hong Kong in November 2006 and November 2009 respectively. Through his working experience, he was admitted as a member of Hong Kong Institute of Construction Managers in September 2004.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Ho Chi Lai, Johnny（何志禮）("Mr. Ho"), aged 56, is a project manager of the Group. Mr. Ho joined the Group in March 2006 as a project manager of Head Fame. Mr. Ho is responsible for the overall monitoring the construction projects, cost estimating, managing the quality management system and administrating tendering works of the Group.

Mr. Ho has over 30 years of experience in the construction and building works industry. Prior to joining the Group, Mr. Ho had participated in numerous residential, commercial and ASD projects in Hong Kong. He had served many construction companies, including but not limited to, WMKY Limited as an assistant engineer from April 1987 to April 1988, Lee Shing Yue Construction Company, Limited as a projects manager from June 1998 to September 2000, and Wai Yip Building Materials Limited (now known as Hong Kong Wai Yip Building Construction Limited) as a site agent, from September 2003 to May 2005.

Mr. Ho obtained an honours diploma in civil engineering from Hong Kong Baptist College in January 1986, a higher diploma in applied statistics from City Polytechnic of Hong Kong in November 1992 and a master of science in engineering management from City University of Hong Kong in November 2001. He then obtained a bachelor of engineering degree in civil engineering from The Queen's University of Brighton in October 2003.

COMPANY SECRETARY

Mr. Wong Chi Chui（黃智取）("Mr. Wong"), aged 47, is a company secretary of the Company (the "**Company Secretary**"). He was appointed as the Company Secretary on 11 May 2017. He was appointed as the chief financial officer of the Company on 25 July 2018. Mr. Wong has over 25 years of experience in the fields of accounting, auditing and compliance matters of listed companies.

Mr. Wong obtained a diploma in accounting from the School of Professional and Continuing Education of The University of Hong Kong in November 2000 and a bachelor of commerce accounting and accounting technologies degree from Curtin University of Technology in September 2003. He became an associate and a certified practising accountant of CPA Australia in August 2003 and September 2006 respectively and a certified public accountant of HKICPA in February 2007.

REPORT OF THE DIRECTORS

The Board presents its report and the audited financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and RMAA works service as a main contractor.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2019 and the state of affairs of the Company and the Group at that date are set out in the financial statements on page 73 to 145. The Board does not recommend the payment of any dividend for the year ended 31 March 2019.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2019 and a discussion on the Group's future business development are provided in the Chairman's Statement on page 5 of this annual report. The financial risk management objectives and policies of the Group can be found in the note 33 to the consolidated financial statements. An analysis of the Group's performance during the year ended 31 March 2019 using financial key performance indicators is provided in the management discussion and analysis on page 6 to 9. In addition, discussions on the Group's environmental policies, relationship with its key stakeholders, key risks and uncertainties and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Report of the Directors on page 15 to 25 of this annual report.

ENVIRONMENTAL POLICY

The Group strives to mitigate the impact of its operations on environmental and natural resources. The Group's operation does make an impact on water, air and land, and therefore on the ecosystem. Therefore, the Group implements a range of measures for environmental protection and sustainable development, complies with applicable environmental-related laws and regulations and strives to operate in a responsible manner which balances the need for operation with minimising its environmental impact.

The Group continuously introduces measures to source control and end treatment with the purpose of fulfilling targets for reducing, reusing, recycling and renewing raw materials, reducing emissions and waste, improving the utilisation efficiency of water and energy resources, and minimising the effect of the operation on the environment and natural resources.

Moving forward, the Group also endeavours to meet the requirements of certain industry's codes of practice such as the BEAM Plus New Buildings issued by the Hong Kong Green Building Council and the BEAM Society.

COMPLIANCE WITH LAWS AND REGULATIONS

Save as disclosed in the Prospectus, as far as the Group is aware, there was no material breach or non-compliance with applicable laws and regulation by the Group that has a significant impact on its business and operations.

RELATIONSHIPS WITH STAKEHOLDERS

The Directors recognises that the Group's employees, customers, suppliers and subcontractors are the keys to its sustainable development.

Employees

The Group has maintained good relationship with its employees. The Group provides the remuneration package, including salary, bonuses and other cash subsidies to attract and retain appropriate and suitable personnel to serve the Group. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to an increase in salary, distribution of bonuses and promotions.

Customers

The Group has established a stable customer base within the private sector. Its customers in the private sector include private property developers and commercial enterprises which require superstructure building and/or RMAA works services. The Group believes that the established working relationships with its major customers have enhanced its market recognition and enabled the Group to attract more business opportunities.

Suppliers and subcontractors

The Group has established long-term and close working relationships with its major suppliers and subcontractors, some of whom have working relationships with the Group for 10 years. The performance of subcontractors and the quality of superstructure building and RMAA works contracted by the Group can be assured by the close relationship with its subcontractors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2019 are set out in note 15 to the financial statements, respectively.

SHARE CAPTIAL

Details of movements during the year ended 31 March 2019 in the share capital of the Company are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this annual report, the Company has maintained a sufficient public float as required under the rules governing the listing of securities on the Stock Exchange (the "**Listing Rules**").

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 March 2019.

RESERVES

Details of movements in the reserves of the Group and the Company as at 31 March 2019 are set out in page 76 and note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 March 2019 are set out in note 28 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2019, the Group's largest customers and the five largest customers accounted for approximately 30.7% and 90.8% of the Group's total turnover respectively.

For the year ended 31 March 2019, the Group's largest suppliers and five largest suppliers which were the subcontractors accounted for approximately 10.5% and 38.6% of the Group's total of cost of services respectively.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the five largest customers or suppliers during the year ended 31 March 2019.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year ended 31 March 2019 and up to the date of this annual report were:

Executive Directors:
Mr. Chan Kam Tong *(Chairman)* (appointed on 25 July 2018)
Mr. Chan Kam Ming (appointed on 25 July 2018)

Independent Non-executive Directors ("INEDs"):
Mr. Hau Wing Shing Vincent (Appointed on 24 July 2018)
Mr. Szeto Cheong Mark (Appointed on 24 July 2018)
Mr. Wan Simon (Appointed on 24 July 2018)

In accordance with article 108 of the Company's articles of association (the "**Articles**"), the Directors' biographical details are set out in the section headed "Biographies of the Directors and Senior Management" in this annual report.

The Company has received written annual confirmation of independence from all INEDs. The Group considers all INEDs to be independent under the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2019.

DIRECTORS' SERVICE CONTRACTS

All INEDs have respectively entered into a letter of appointment with the Company for a term of 1 year unless terminated by not less than one month's notice in writing served by either party on the other.

Apart from the forgoing, no Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within 1 year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the Group is based on the merit, qualification and competence and are reviewed by the Remuneration Committee periodically. The emolument of the Directors are decided by the Board after recommendation from the Remuneration Committee in accordance with the performance of the Group and individual performance and comparable market statistics.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 March 2019 and up to the date of this annual report.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders of the Company has made an annual declaration to the Company that since the Listing Date and up to date of this annual report, he/it has complied with the term of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company. The INEDs have also reviewed the status of compliance by each of the controlling shareholders of the Company with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

MANAGEMENT CONTRACTS

One of the subsidiaries of the Group appointed an independent third party which is a Registered General Building Contractor (the "**RGBC**") under the Building Ordinance (Chapter 123 of the Laws of Hong Kong) for all the construction site works of such subsidiary commencing from 1 October 2018 until the status of such subsidiary restores as a RGBC and the independent third party will then transit of all its duties to such subsidiary.

Apart from the foregoing, no contract, other than employment contracts, concerning the management and administration of the whole of any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2019.

PERMITTED INDEMNITY PROVISION

In accordance with article 191 of the Articles, the Directors or other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 March 2019 amounted to approximately HK$1.0 million (31 March 2018: approximately HK$0.01 million).

EQUITY-LINKED AGREEMENTS

As at 31 March 2019, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the Shareholders passed on 25 July 2018 are set below:

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants (as defined below) for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Participant

Participant means any person belonging to any of following classes of participants:

(a) any employee (whether full time or part time employee, including any executive Directors) of the Company, any of its subsidiaries and any entity in which the Group holds any equity interest (the "**Invested Entity**") eligible;

(b) any non-executive Director (including INEDs) of the Company, any of its subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member or Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of the Group, and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust.

Total number of shares available for issue under the Share Option Scheme

The total number of Shares which may be issued upon the exercise of all options (excluding for this purposed option(s) which have lapsed in accordance with the terms of the Share Option Scheme and any other schemes) to be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 10% of the total number of the Shares in issue on the Listing Date. On the basis of 800,000,000 Shares in issue on the Listing Date, the limit will be equivalent to 80,000,000 Shares, representing 10% of the Shares in issue as at the Listing date.

Maximum entitlement of each participant

No Participant shall be granted option(s) which would result in the total number of Shares already issued and to be issued upon the exercise of all the Options granted to such Participant (including exercised, cancelled and outstanding Options) in any 12-month period exceeding 1% of the total number of Shares in issue, provided that if separately approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, the Company may make further grant of option(s) to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the total number of Shares already issued and to be issued upon the exercise of all the options granted to such Participant (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such Further Grant exceeding 1% of the total number of Shares in issue.

Term of subscription of Shares upon exercise of the options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board absolutely, provided that such period shall not be more than 10 years from the date upon which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

Minimum period for which an option must be held before it can be exercised

The Board may, at its discretion, determine the minimum period for which the option has to be held before the option can be exercised.

Time of acceptance and the amount payable on acceptance of the option

Upon acceptance of an offer for grant of options, the Grantee shall pay HK$1.00 to the Company as consideration for the grant. The options will be offered for acceptance for a period of 21 days from the date of the offer.

No option was granted under the Share Option Scheme during the year ended 31 March 2019 and no options granted under the Share Option Scheme were exercised, lapsed or cancelled during the year ended 31 March 2019.

DIRECTOR'S AND CHIEF EXECTUIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR THE ASSOCIATED CORPORATIONS

As at 31 March 2019, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Directors	Nature of interest	Interest in ordinary Shares	Approximate percentage of interests in the Company
Mr. KT Chan	Interest in a controlled corporation	540,000,000 *(note)*	67.5%
Mr. KM Chan	Interest in a controlled corporation	540,000,000 *(note)*	67.5%

Notes:

These Shares are held by Shiny Golden, which is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan on 26 May 2017. Mr. KT Chan and Mr. KM Chan entered into the Acting in Concert Confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert that to continue to act in the same manner in the Company upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.

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

So far as the Directors are aware, as at 31 March 2019, the following persons/entities (other than the Directors or chief executive officer of the Company) have interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under Section 336 of the SFO.

Long Position in the Shares of the Company

Name of shareholders	Nature of interest	Total Number of ordinary shares and underlying Shares *(Note 1)*	Approximate percentage of interests in the Company
Shiny Golden Limited ("Shiny Golden")	Beneficial owner *(Note 3)*	540,000,000	67.5%
Mr. KT Chan	Interest in a controlled corporation *(Note 2)*	540,000,000	67.5%
Ms. Shu Ah Ping	Interest of spouse *(Note 4)*	540,000,000	67.5%
Mr. KM Chan	Interest in a controlled corporation *(Note 2)*	540,000,000	67.5%
Ms. Ng Wing Mui	Interest of spouse *(Note 5)*	540,000,000	67.5%
謝東霖	Beneficial owner	47,750,000	5.97%
UG China Venture II Limited ("UG")	Beneficial owner *(Note 6)*	40,000,000	5%
UG Capital Limited	Investment manager *(Note 7)*	40,000,000	5%
Lau Chi Yin Thomas	Beneficial owner *(Note 7)*	40,000,000	5%
Tsui Wing Suen Bernadette	Interest of spouse *(Note 8)*	40,000,000	5%

Notes:

1. All interests stated are long positions.

2. Shiny Golden is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan on 26 May 2017, Mr. KT Chan and Mr. KM Chan entered into the Acting in Concert Confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert that to continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.

3. Shiny Golden is the direct Shareholder of the Company.

4. Ms. Shu Ah Ping is the spouse of Mr. KT Chan. Accordingly, Ms. Shu Ah Ping is deemed or taken to be interested in the Shares Mr. KT Chan is interested in under the SFO.

5. Ms. Ng Wing Mui is the spouse of Mr. KM Chan. Accordingly, Ms. Ng Wing Mui is deemed or taken to be interested in the Shares Mr. KM Chan is interested in under the SFO.

6. UG is the direct Shareholder of the Company, which is legally owned as to one voting share by UG Capital Limited and 11,600 non-voting Shares by other independent third parties.

7. UG Capital Limited is the investment manager of UG. UG Capital Limited is deemed to be interested in all the Shares in which UG is interested by virtue of the SFO. UG Capital Limited is wholly-owned by Mr. Lau Chi Yin Thomas. To the best knowledge of the Directors, each of UG, UG Capital Limited and Mr. Lau Chi Yin Thomas is an independent third party.

8. Ms. Tsui Wing Suen Bernadette is the spouse of Mr. Lau Chi Yin Thomas. Accordingly, Ms. Tsui Wing Suen Bernadette is deemed or taken to be interested in the Shares Mr. Lau Chi Yin Thomas is interested in under the SFO.

Save as discussed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2019.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. Having made specific enquiries of all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code during the year ended 31 March 2019.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with applicable code provisions (the "**Code Provisions**") in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2019 and up to the date of this annual report. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

AUDITOR

The consolidated financial statements have been audited by BDO Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 March 2019 were approved by the Board on 25 June 2019.

On behalf of the Board
Chan Kam Tong
Chairman

Hong Kong, 25 June 2019

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

Since Listing, the Board is of the opinion that the Company had adopted, applied and complied with the Code Provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. All Directors have complied with the required standard as set out in the Model Code for the year ended 31 March 2019 and up to the date of this annual report.

BOARD OF DIRECTORS

Composition and role

The composition of the Board during the year ended 31 March 2019 and up to the date of this annual report is set out below:

Executive Directors:
Mr. Chan Kam Tong *(Chairman)*
Mr. Chan Kam Ming

Independent Non-executive Directors:
Mr. Hau Wing Shing Vincent
Mr. Szeto Cheong Mark
Mr. Wan Simon

The biographies of the Directors during the year ended 31 March 2019 and up to the date of this annual report and the relationships among them are set out in the "Biographies of Directors and Senior Management" section on pages 10 to 14 of this annual report. The executive Directors bring a good balance of skills and experience to the Company. The independent non-executive Directors provide their independent judgement on the development, performance and risk management of the Group. The Directors are fully aware that they are individually and collectively accountable to shareholders.

Directors' continuous professional development

During the period from the Listing Date to the date of this annual report, all Directors confirmed to comply with the provision of the CG Code in relation to continuous professional development. In doing so, the Directors have undertaken various forms of activities relevant to the Company's business and Directors' duties and responsibilities. The Company held a training for all Directors to provide them with knowledge on the duties and responsibilities of the Directors before Listing.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the period from the Listing Date and up to date of this annual report are summarized as follows:

	Type of Training*
Executive Directors:	
Mr. Chan Kam Tong *(Chairman)*	✓
Mr. Chan Kam Ming	✓
Independent Non-executive Directors:	
Mr. Hau Wing Shing Vincent	✓
Mr. Szeto Cheong Mark	✓
Mr. Wan Simon	✓

Note:

* Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Meetings

Attendance records of the Board meetings, meetings of all committees and general meetings of the Company during the period from the Listing date and up to the date of this annual report were set out below:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual general meeting
Number of meetings held	7	6	2	2	N/A
Name of director			Number of meetings attended		
Executive Directors:					
Mr. Chan Kam Tong *(Chairman)*	7/7	N/A	N/A	2/2	N/A
Mr. Chan Kam Ming	7/7	N/A	2/2	N/A	N/A
Independent Non-executive Directors:					
Mr. Hau Wing Shing Vincent	7/7	6/6	N/A	2/2	N/A
Mr. Szeto Cheong Mark	7/7	6/6	2/2	N/A	N/A
Mr. Wan Simon	7/7	6/6	2/2	2/2	N/A

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The table below provides the membership information of these committees on which certain Board members served:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Chan Kam Tong	–	–	C
Mr. Chan Kam Ming	–	M	–
Mr. Hau Wing Shing Vincent	M	–	M
Mr. Szeto Cheong Mark	C	M	–
Mr. Wan Simon	M	C	M

Notes:

C - committee chairman

M - committee member

Audit Committee

The Company established the Audit Committee on 21 August 2018 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Paragraph C.3.3 of the CG Code. The Board adopted a set of the revised terms of reference of the Audit Committee effective from 2 January 2019, which had included changes in line with the requirements under the Listing Rules. The Audit Committee is comprised of three INEDs, namely Mr. Szeto Cheong Mark, Mr. Hau Wing Shing Vincent and Mr. Wan Simon. Mr. Szeto Cheong Mark is the chairman of the Audit Committee.

The Audit Committee is mainly responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and reviewing the Group's internal controls and risk management. In addition, the Audit Committee has been delegated the responsibility to perform the corporate governance functions including:

1. Reviewing and monitoring the Company's policies and practices in compliance with legal and regulatory requirements;

2. Reviewing and monitoring the training and continuous professional development of the Directors and senior management;

3. Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees of the Company and the Directors;

4. Developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board and reporting to the Board on such matters;

5. Reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;

6. Reviewing and monitoring the Company's compliance with the Company's whistleblowing policy; and

7. Considering any other topics, as determined by the Board.

A summary of the work performed by the Audit Committee during the period from the Listing Date to 31 March 2019, the Audit Committee reviewed and discussed consolidated financial statements of the Group for the financial year ended 31 March 2019 and the Group's unaudited interim results for the six months ended 30 Sept 2018 with the external auditor, considered and approved the audit work of the auditors, reviewed the business and financial performance of the Company and internal control system and risk management, and determined the policy for corporate governance. The Group's annual report for the year ended 31 March 2019 has been reviewed by the Audit Committee.

The terms of reference of the Audit Committee which can be viewed on the website of the Company under the section headed "INVESTOR RELATIONS" and the website of the Stock Exchange.

Remuneration Committee

The Company established the Remuneration Committee on 21 August 2018 with written terms of reference in compliance with Paragraph B.1.2 of the CG Code. The primary duties of the Remuneration Committee, under the principle that no Director or any of his associates should be involved in deciding his own remuneration include, among others, making recommendations to the Board on (a) remuneration policy and structure for all of the Directors and senior management; (b) the establishment of a format and transparent procedure for developing remuneration policies; (c) the remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; and (d) the remuneration of the INEDs. The Remuneration Committee is comprised of two INEDs, namely Mr. Wan Simon and Mr. Szeto Cheong Mark, and one executive Director, namely Mr. Chan Kam Ming. Mr. Wan Simon is the chairman of the Remuneration Committee.

A summary of the work performed by the Remuneration Committee during the period from the Listing Date and up to the date of this annual report, the Remuneration Committee has reviewed remuneration policy and oversee in the remuneration packages of the executive Directors and senior management taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management.

The terms of reference of the Remuneration Committee which can be viewed on the website of the Company under the section headed "INVESTOR RELATIONS" and the website of the Stock Exchange.

Nomination Committee

The Company established the Nomination Committee on 21 August 2018 with written terms of reference in compliance with Paragraph A5.2 of the CG Code. The Board adopted a set of the revised terms of reference of the Nomination Committee effective from 2 January 2019. The primary duties of the Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the company's corporate strategy; (b) identifying individuals suitability qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the INEDs; (d) making recommendations to the Board on the appointment and succession planning for the Directors and (e) reviewing the policy ("Policy) concerning the diversity of the Board and the measurable objectives that the Board has adopted for implementing the Policy and to make the relevant disclosure on the progress of achieving those objectives in the corporate governance report of the Company. The Nomination Committee is comprised of two INEDs, namely Mr. Hau Wing Shing Vincent and Mr. Wan Simon, and one executive Director, namely Mr. Chan Kam Tong who is the chairman of the Nomination Committee.

A summary of the work performed by the Nomination Committee during the period from the Listing Date and up to the date of this annual report, the members discussed matters relating to composition of the Board and make recommendation thereon to the Board for consideration, the diversity of the Board, the re-election of the Directors at the forthcoming annual general meeting, the recommendation of the measurable objectives that the Board should adopt for implementing the Policy as well as reviewing the independence of the INEDs.

The terms of reference of the Nomination Committee can be viewed on the website of the Company under the section headed "INVESTOR RELATIONS" and the website of the Stock Exchange.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 2 January 2019, which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company, in designing the Board's composition, the Board's diversity has been considered from a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. The Board may improve one or more diversity perspectives from time to time, and implement the upgraded measurements. The Nomination Committee will review the policy from time to time, including conducting assessments on the effectiveness of the policy. The Nomination Committee will also discuss any amendment that may be necessary, and submit amendment proposals to the Board for approval.

NOMINATION POLICY

The Company has adopted nomination policy (the "**Nomination Policy**") on 2 January 2019. The purpose is to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- Reputation for integrity;
- Accomplishment, experience and reputation in the relevant industry and other relevant sectors;
- Commitment in respect of sufficient time, interest and attention to the Company's business;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- The ability to assist and support management and make significant contributions to the Company's success;
- Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Each proposed new appointment, election or re-election of a director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Board will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

DIVIDEND POLICY

The Company has adopted dividend policy (the "**Dividend Policy**") on 2 January 2019 in compliance with the Code Provision E.1.5 of the CG Code. It is the policy of the Company, in considering the payments of dividends and to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth of the Group.

Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

- the general financial condition of the Group;
- capital and debt level of the Group;
- future cash requirements and availability for business operations, business strategies and future development needs;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the general market conditions; and
- any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles. The Policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

Directors' and Officers' Liability Insurance and Indemnify

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities against possibility of legal action to be taken against its Directors and officers. During the year ended 31 March 2019, no claim was against the Directors and officers of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed three INEDs representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

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

DIRECTORS' AND EXTERNAL AUDITOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of accounts for each financial year which gives a true and fair view of the stage of affairs of the Group and of the results and cash flows for that year. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the consolidated financial statements of the Group.

The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor's Report of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors is responsible for assessing and determining the nature and extent of the risks that the Group is willing to accept in reaching its strategic objectives and to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems.

The Group's risk management and internal control system includes the setting up of a management structure with limits of authority, and are designed to help the Group achieve its business objectives, to protect its assets against unauthorised use or disposition, and to ensure the maintenance of proper accounting records for the provision of reliable financial information and the compliance with relevant laws and regulations. These systems are also designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate all risks of failure in the achievement of the Group's business objectives.

During the year ended 31 March 2019, the Company engaged an external independent consulting firm to assist the Board to review and monitor the effectiveness of certain of the Group's risk management and internal controls systems. The external independent consulting firm performed annual risk management and internal control review of all material controls, including financial, operational and compliance controls of the Company. A risk management report and an internal control review report was submitted to the Audit Committee and the Board, which will follow up on any actions and measures taken to improve risk management and internal controls on the findings and recommendations by the external independent consulting firm. Accordingly, the Audit Committee and the Board considered the risk management and internal control systems to be effective and such systems have been implemented with adequate resources during the year ended 31 March 2019.

Main Features of Risk Management and Internal Control Systems

The key elements of the Company's risk management and internal control systems include the establishment of a risk register to keep track of and record identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk management approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievements of its objectives. A risk matrix is adopted to determine the risk rating (L = low risk, M = medium risk, H = high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of managements, attention and risk treatment effort required.

Process used to identify, evaluate and manage significant risks

During the process of risk assessment, each risk owner of departments is required to capture and identify the key inherent risks that affect the achievement of its objectives. Each inherent risk is evaluated according to the risk matrix. After taking into consideration the risk response, such as control measures in place to mitigate the risk, the residual risk of each inherent risk will be evaluated again. The risk register with the risk responses and residual risks is reported to the management. The management evaluates the effectiveness of the systems and report to the Audit Committee and the Board. The highest category of residual risks is subject to the Board's oversight.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulates the obligations of the Group, in respect of the restriction on disseminating non-public information, handling of rumours, unintentional selective disclosure, exemption and wavier to the disclosure of inside information, and compliance and reporting procedures. Senior management must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of any disclosure requirement from time to time, and must promptly bring any possible leakage or divulgence of inside information to the attention of the Company Secretary, or his delegates, who will notify the Board timely and accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

AUDITOR'S REMUNERATION

During the year ended 31 March 2019, external auditor's remuneration for annual audit services was approximately HK$0.48 million; and external auditor's remuneration for non-audit service assignments was approximately HK$1.12 million, which represented agreed-upon procedures engagement in connection with the Group's interim report and the reporting accountant in relation to the Listing. The Audit Committee concludes that it is satisfied with the findings of its review of the audit and non-audit services fees, process and effectiveness, independence and objectivity.

COMPANY SECRETARY

Mr. Wong Chi Chui ("Mr. Wong"), was appointed as the Company Secretary on 11 May 2017. The biographical details of Mr. Wong are set out under the section headed "Biographies of the Directors and Senior Management" of this annual report. In accordance with Rule 3.29 of the Listing Rules, Mr. Wong has taken no less than 15 hours of relevant professional training during the financial year ended 31 March 2019.

SHAREHOLDERS' RIGHTS

How Shareholder can convene an extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting ("**EGM**") are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the Listing Rules (as amended from time to time):

- Pursuant to article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;

- The written requisition must state the purposes of the meeting, signed by the Eligible Shareholder(s) and deposit it to the Board of the Company Secretary at the Company's principal place of business at Offices F&G, Floor 23, Maxgrand Plaza No.3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitions;

- The requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business (es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

- The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the Contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and

- If within 21 days of such deposit, the Board fails to proceed to convene such meeting the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedure by which enquires may be put to the Board

Shareholders may at any time send their enquiries to the Board for the attention of the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at Office F&G, Floor 23, Maxgrand Plaza, No.3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

Procedure for putting forward proposals at shareholders' meeting

There are no provisions in the Articles or the Companies Law of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph heading "How shareholder can convene an extraordinary general meeting".

INVESTOR RELATIONS

Communication with shareholders

The Board recognises the importance of good communication with all Shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations.

The Company has established several communication channels, including (a) the annual and extraordinary general meetings which provide a forum for Shareholders to communicate directly with the Board; (b) printed corporate documents mailing to Shareholders; (c) announcement disseminating the latest activities of the Group on the web-sites of the Company and the Stock Exchange; and (d) the Company's web-site providing an electronic means of communication.

Constitutional documents

There was no change to the Company's constitutional documents since the Listing Date. An up-to-date version of the Company memorandum and the Articles available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Company is delighted to publish the first Environmental, Social and Governance Report (the "**Report**") to summarise the Group's policies, measures and performance on the key environmental, social and governance ("**ESG**") issues.

Reporting Period

The Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 April 2018 to 31 March 2019 (the "**Reporting Period**").

Reporting Scope and Boundary

This Report discloses related policies and initiatives for the core and material business, namely provision of superstructure building and RMAA works service in Hong Kong. The Report discloses environmental key performance indicators ("**KPIs**") and selected social KPIs of the corporate office ("**office**") and the representative projects ("**projects**" or "**sites of operation**"). While the Report does not cover all of the Group's operations, the aim of the Group is to upgrade its internal data collection procedure and gradually expand the scope of the disclosure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Basis and Principles

The Report is prepared in accordance with the ESG Reporting Guide (the "**ESG Guide**") as set out in Appendix 27 of the Listing Rules and on the basis of the four reporting principles – materiality, quantitative, balance and consistency:

- "Materiality" Principle:

  The Group determines material ESG issues by stakeholder engagement and materiality assessment.

- "Quantitative" Principle:

  Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- "Balance" Principle:

  The Report identifies the achievements and challenges faced by the Group.

- "Consistency" Principle:

  The Report is the first ESG report of the Group. The Report will use consistent methodologies for meaningful comparisons in the following years unless improvements in methodology are identified.

The Report has complied with all "comply or explain" provisions and reported on selected recommended disclosures outlined in the ESG Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. A complete content index is appended to the last section hereof for quick reference. The Report is prepared and published in both Chinese and English. In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group is committed to integrating ESG factors into its operations in order to create sustainable value for stakeholders and take up the responsibilities as a corporate citizen. To minimise the ESG risks embedded in the business operations, the Group maintains stringent internal control and risk management systems. The Group has also established an integrated management system (IMS) to manage the issues relating to environment, occupation health and safety and quality.

ESG GOVERNANCE STRUCTURE

The Board supports the Group's commitment to fulfilling its environmental and social responsibility and has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Board has delegated the day-to-day responsibility of the implementation to the ESG Working Group (the "**Working Group**"). The Working Group is composed of senior management and core members from different departments of the Group and is responsible to facilitate the adoption of ESG strategies and policies throughout the Group. The Working Group reports to the Board on the implementation of ESG initiatives and the corresponding performance.

The Board regularly reviews the Group's ESG performance, and examines and approves the Group's annual ESG report.

STAKEHOLDER ENGAGEMENT

Stakeholders' opinions are the solid foundation for the Group's sustainable development and success. The stakeholder engagement helps the Group to develop a business strategy that meets the needs and expectations of stakeholders, enhances the ability to identify risk and strengthens important relationships. The Group communicates with its stakeholders through various channels, shown as below.

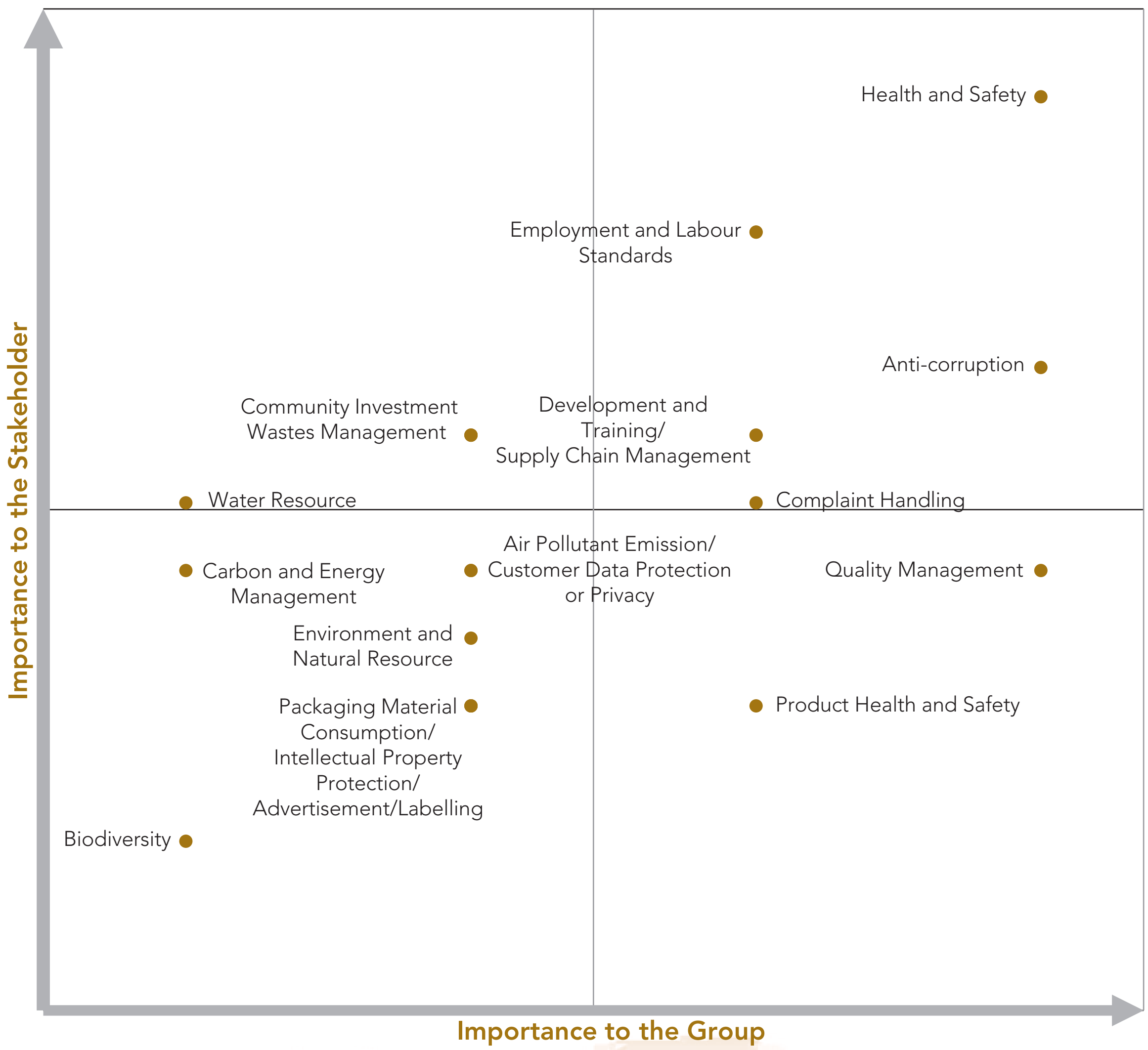
Stakeholder	Communication Channel
Government and regulatory agencies	• Annual reports, interim reports, ESG reports and other public information • Supervision and inspection
Shareholders and investors	• Annual general meetings and other general meetings of shareholders • Company website • Press releases / announcements • Annual reports, interim reports, ESG reports and other public information
Employee	• Training • Meetings • Performance evaluation • Survey
Customer	• Fax, email and telephone
Supplier/Subcontractor/ Business Partners	• Meetings • Site visit • Survey
Community	• Participation in community programmes • ESG Reports

MATERIALITY ASSESSMENT

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. By considering the dependence and influence on the Group of the stakeholders and the resources available for the Group, the management has identified key stakeholders and conducted a survey with them. They have expressed their opinions and recommendation on the sustainability issues related to the Group's operation via a survey.

Consolidating the results of internal assessment and the survey, the Group has compiled the materiality matrix (refer to the diagram below). The issues that fall within the top right-hand quadrant have relatively higher significance to both stakeholders and Group's business. The Group will continue to improve its reporting process based on the assessment.

Materiality Matrix



ENVIRONMENTAL ASPECTS

The Group endeavours to minimise any adverse impact on the environment resulting from its business activities. The Group had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015. Apart from following the environmental protection policies formulated and required by customers, the Group has also established environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal.

Emissions

The Group's sites of operation are subject to certain environmental requirements pursuant to the laws in Hong Kong such as Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance, Public Health and Municipal Services Ordinance. The Group's operation did not have significant noise generation. The Group ensures its compliance with relevant laws and regulations through measures described in the following sections. During the Reporting Period, the Group was not aware of any non-compliance case in this regard.

Air Pollutant Emissions

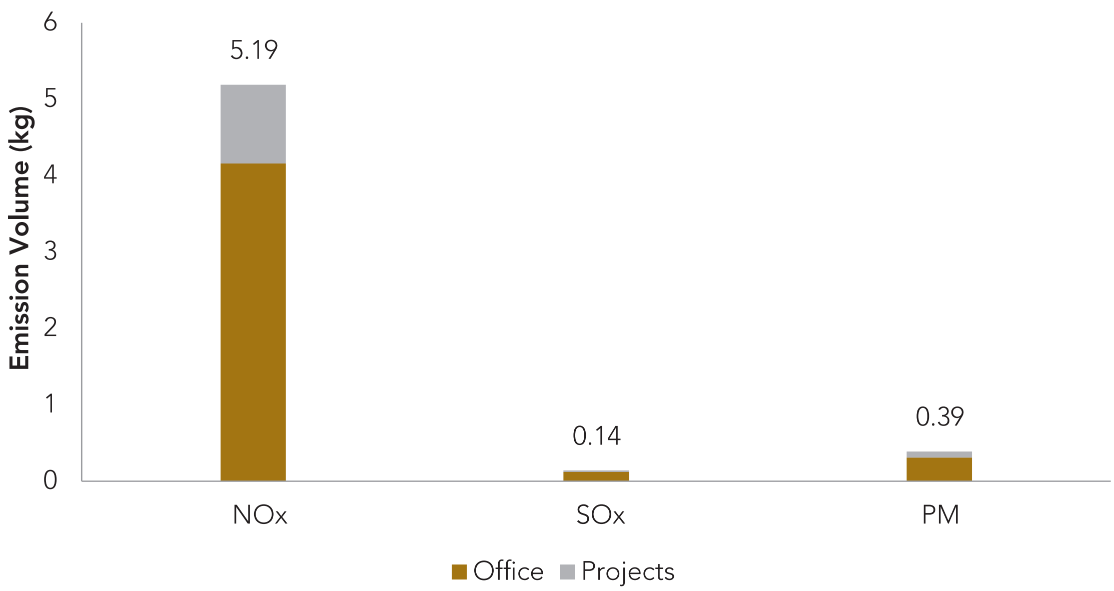
As the Group's operations mainly focus on providing superstructure building and RMAA works services to customers, there are no significant emissions from stationary sources and dust in the sites of operation.

The air pollutants are mainly emitted from the fuel consumption of mobile vehicles, including sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM). To control the emissions from vehicles, all vehicles are under frequent and regular checks and maintenance to ensure no energy inefficiency occurs and idling engine is prohibited. The details are as follows:

Air Pollutants Emissions[1]			**2018/2019**
			kg
	Office	**Projects**	**Total**
Nitrogen oxides (NOx)	4.16	1.03	5.19
Sulphur oxides (SOx)	0.12	0.02	0.14
Particulate matter (PM)	0.31	0.08	0.39

1 The data is estimated based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange of Hong Kong.

2018/2019 Air Pollutant Emission



Hazardous or Non-hazardous Wastes Management

The Group acknowledges possible environmental impacts of waste generated during the course of its operations such as site clearance, excavation works, and construction and fitting out works. The Group strives to mitigate environmental impacts by adopting the right waste management strategy, prioritising avoidance and minimisation of waste generation, reuse of materials, recovery and recycling. Measures are implemented in the sites of operations, such as placing recycling bins to collect recycle wastes and recycling and reusing construction materials when applicable. The Group was not aware of a significant amount of hazardous wastes generated in the sites of operation and the office. Going forward, the Group will continue refining its wastes reduction measures and disclose relevant results where appropriate.

Waste Production	2018/2019 tonnes
Inert Construction Waste[2]	500
Non-inert Construction Wastes[3]	1,270
Total	1,770
Intensity (per million HKD revenue)	4.16

2 It includes debris, rubble, earth and concrete which is suitable for land reclamation and site formation.

3 It includes bamboo, timber, vegetation, packaging waste and other organic materials.

As the sites of operation involve generation of construction runoff and sewage, the Group takes appropriate measures to avoid contamination and blockage of public drains and sewers. The wastewater treatment system is established to remove suspended solids contained in concrete washings and site runoff. In addition, water consumption is minimised through utilising site runoff for dust suppression. During the Reporting Period, 11.05 tonnes of sewage was treated.

Greenhouse Gas (GHG) Emissions

In response to the community's gradual concern on greenhouse gas ("**GHG**") emissions, climate changes and other related issues, the Group begins to record and report the GHG emission annually through ESG report. The major source of GHG emission is from electricity generation, the fuel consumption of mobile vehicles.

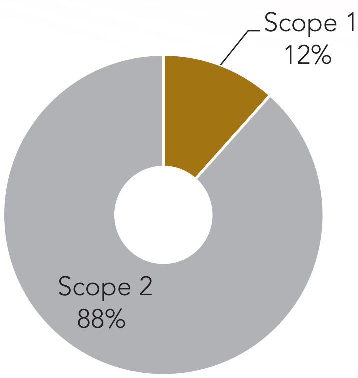
GHG Emissions[4]	Office	Projects	2018/2019 tonnes CO^2-equivalent Total
Scope 1[5]	21.92	7.88	**29.80**
Scope 2[6]	11.09	216.09	**227.18**
Total	**33.01**	**223.97**	**256.98**
Intensity (per million HKD revenue)	**/**	**/**	**0.60**

4 The calculation of greenhouse gas emissions is made reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong published by the Environmental Protection Department, and the Electrical and Mechanical Services Department, the latest sustainability reports published by the CLP Power Hong Kong Limited and Hong Kong Electric Investment.

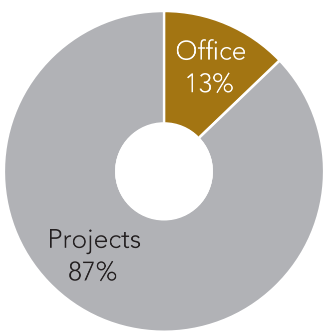
5 Scope 1: The direct emission from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet

6 Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group

2018/2019 GHG Emission by scopes



2018/2019 GHG Emission by premises



The largest contributor to the Group's GHG emission is Scope 2 emissions (i.e. purchased electricity), which account for approximately 88% of the total GHG emissions. Scope 1 emission refers to the combustion of fuel in mobile sources.

The Group will continue to assess record and disclose its GHG emissions annually. The Group will refine the data collection system and develop reduction strategy if appropriate based on the data in the coming years.

Use of Resources

The major use of resources of the Group includes energy, water and other construction material. Energy saving is recognised as one of the key consideration in operations as stated in the Environmental Policy. Energy consumption is controlled through administrative measures, such as switching off electrical appliance during non-business hours. Indirect energy consumption (i.e. purchased electricity) accounts for 79% of the total energy consumption while direct energy consumption refers to the petrol consumption of mobile vehicles.

			2018/2019
			MWh
Energy Consumption	**Office**	**Project**	**Total**
Direct Energy Consumption[7]	75.86	29.19	**105.05**
Indirect Energy Consumption[8]	21.74	370.21	**391.95**
Total	**97.60**	**399.40**	**497.00**
Intensity (per million HKD revenue)	**/**	**/**	**1.17**

Water resource is also realised as a precious resource. In order to reduce the use of fresh water, the Group encourages the reuse and recycling of water in sites of operation, for example, the sewage is reused for dust suppression. There is no issue in sourcing water.

	2018/2019
Water Consumption[9]	**tonnes**
Total	12,281.00
Intensity (per million HKD revenue)	28.84

To minimise the wastes and consumption of material, 40 tonnes of wood and 10 tonnes of steel were recycled respectively in the sites of operation. The Group's business activities do not consume packaging materials.

	2018/2019
Raw Material Consumption	**tonnes**
Wood	50
Steel	436

Moving forward, the Group will continue refining measures and evaluate the related results achieved if applicable.

7 It includes the energy consumption from the fuel uses of Group's vehicles and generator.

8 It includes the energy consumption from the purchased electricity of the Group.

9 It includes the water consumption in the sites of operation only.

The Environment and Natural Resources

As established in its Environmental Policy and Integrated Management System (IMS) Policy, the Group strives to mitigate the impact of its operations on environmental and natural resources. The Group's operation does make an impact on water, air and land, and therefore on the ecosystem. Therefore, the Group implements a range of measures for environmental protection and sustainable development, complies with applicable environmental-related laws and regulations and strives to operate in a responsible manner which balances the need for operation with minimising its environmental impact.

The Group continuously introduces measures to source control and end treatment with the purpose of fulfilling targets for reducing, reusing, recycling and renewing raw materials, reducing emissions and waste, improving the utilisation efficiency of water and energy resources, and minimising the effect of the operation on the environment and natural resources. The details of measures are illustrated in the sections headed "Emission" and "Use of Resources".

Moving forward, the Group also endeavours to meet the requirements of certain industry's codes of practice such as the BEAM Plus New Buildings issued by the Hong Kong Green Building Council and the BEAM Society.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group believes that employees are the most important asset of the company. As the business grows, the Group must establish sustainable human capital to attract and retain talents. The Group strictly abides by the Employment Ordinance, Employments' Compensation Ordinance, Minimum Wage Ordinance, Construction Workers Registration Ordinance and Mandatory Provident Fund Schemes Ordinance. During the Reporting Period, the Group was not aware of any non-compliance case in this regard. The Group has established Human Resources Management Policy and other related guidelines, which set out the details on remuneration, dismissal, recruitment, promotion, working hours, rest periods, diversity, equal opportunities and anti-discrimination.

Remuneration and dismissal

To attract and retain talents, the Group provides a competitive remuneration package to employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of employees, which forms the basis of decisions with respect to salary raises, bonuses and promotions. For voluntary resignation, an exit interview is conducted with the resigned employee so the Group would understand the reason and continue to improve the human resource management.

Recruitment and promotion

The Group recruits talent in a fair, impartial and open manner, with reference to factors such as employees' experience, qualifications and expertise required for the business operations. The Group endeavours to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of the Group.

The Group recognises the importance of development and growth of employees. The promotion of employee based on the performance appraisals. On a regular basis, performance appraisal is conducted between the management of employees, evaluating employees' performance regarding work attitude, technical skills, interpersonal skills etc.

Working hours and rest periods

The Group is dedicated to providing reasonable working hours and rest periods to employees. All employees are entitled to General Holidays as announced in the Hong Kong SAR Government Gazette each year. In addition to General Holidays, employees are entitled to annual leave, maternity leave, sick leave and compassionate leave.

Diversity, Equal Opportunities and Anti-discrimination

The Group is committed to ensuring that the work environment it provides is free from harassment, discrimination and any behaviour that damage to productivity. The management of each department is responsible for formulating and implementing the Group's working environment policy, which contains the standards in this regard.

Employee benefits and welfare

According to the applicable laws and regulations in Hong Kong, the Group provide various benefits and welfare to the employees. The Group participates in the defined contribution scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme. The Group also provides medical insurance, compensation insurance and monetary awards, such as discretionary bonus, to employees.

Workforce As at 31 March[10]	**2018/2019**
By Gender	
Male	43
Female	16
By Age Group	
Below 30	8
30-50	16
50 or above	35
By Employment Type	
Full Time	59
Part Time	0
Total	59

Turnover Rate	**2018/2019**
As at 31 March	
By Gender	
Male	35%
Female	19%
By Age Group	
Below 30	63%
30-50	50%
50 or above	14%
Overall	31%

10 It includes the employees of the Group only. Workers of the subcontractors are not included.

Health and Safety

Due to the nature of works in the construction industry, workers at the sites are prone to safety hazards. The Group has stated in its Safety and Health Policy Statement its commitment to creating a health and safety working environment for its employees and subcontractors. The Group has adopted an occupational health and safety management system in accordance with the requirement of OHSAS 18001:2007 accreditation and has in place various policies and procedures to maintain health and safety in the workplace.

Safety Organisation

The Group has established a Company Safety Management Committee and Site Safety Committee with clearly defined responsibilities. The former is responsible for developing, reviewing and revising the Group's Safety and Health Policy and regularly monitoring the proper implementation of a safety management system. The latter provides and improves the safety at work on site and shall able to participate in the making and monitoring of arrangements for safety at the workplace.

Health and Safety Measures

In order to provide a safe and healthy working environment for employees and subcontractors and to ensure compliance with the applicable laws and regulations in Hong Kong, a safety plan is implemented at the commencement and during the implementation period of each project and conduct hazard analysis. The safety officer conducts site visits regularly to ensure the workers have taken all necessary safety precaution measures. Some key measures are implemented in the sites of operations as follows:

- All new workers receive required personal protective equipment.
- All new workers must attend introduction training prior to works commencement.
- Monthly nomination of contractors with best safety performance.
- Safety Notice will be posted on the conspicuous place and safety promotion luncheon is organised on a regular basis to strengthen the safety awareness of employees and workers.
- The Safety Model Worker Award Scheme has been established to raise the safety awareness of employees.
- A fire drill is organised for dry seasons.

Monitoring System

Regular meetings are held for directors, safety officer and site supervisors to share the latest information and good practices with respect to safety. In the event of the occurrence of incidents and near misses, prompt corrections will be taken by following the emergency preparedness and response procedure. Follow-up investigation will be carried out to find out the root causes of the case(s) and prevent reoccurrence of similar case(s). Apart from routine safety inspections, regular safety walks by senior management and Occupational Health and Safety (OHS) audits are conducted on all constructions sites to verify the sufficiency and effectiveness of safety control measures.

Safety Training

The Group recognises safety training as one of the important elements in preventing workplace injuries. Therefore, the Group will identify the safety training needs of workers and employees, and safety training courses will be provided by external training bodies (such as the Construction Industry Council) to workers and employees. Training course including but not limited to:

Course Category	Description	Audience
Safety Management Course	Improve safety management technique	Senior Project Manager and Site Agent
Risk Assessment Course	Provide the assessor with techniques of risk assessment to assist the preparing safe systems of work and good safety practices.	Risk Assessment Team members
Safety Supervisor Course	Improve their safety supervision and accident prevention technique	Front line supervisory staff (e.g. Site agent, foreman etc.)
Basic Safety Training Course	Enrich the basic safety knowledge of workers	All workers
Safety Induction Course	Introduce the site condition and safety arrangement of the company	All new employees
Trade Training	Focus on relevant hazards of different works such as site formation and metal works, to provide safety knowledge to the workers when working in high-risk activities	All workers
Tool Box Talk	Educate employees on risks and precautions relating to their roles in the sites of operations	All workers

Safety Training

The Group strictly abides by the applicable laws and regulations in Hong Kong relating to providing a safe working environment and protecting employees from occupational hazardous, including but not limited to Occupational Safety Ordinance, Factories and Industrial Undertakings Ordinance, and follows the Codes of Practice and Guidance Notes published by the Labour Department and relevant guidelines published by the Construction Industry Council. During the Reporting Period, the Group experienced certain non-compliance incidents relating to certain regulations under the Construction Sites (Safety) Regulations. The Group considers these incidents were caused by subcontractors who unable to follow and implement the Group's safety plan and the introduction of new regulations relating to safety equipment. The Group has enhanced the internal control measures, including engagement of full-time safety personnel to strengthen the safety management system and improvement of the safety measures in the sites of operations.

Regarding the performance indicators, there were 5 reportable cases of work-related injury and the corresponding accident rate per 100,000 man-hours[11] is 0.16. All cases were concluded and the affected workers have resumed their duties. In addition, there was no reported fatality from the subcontractors.

The Group will continue to review the existing occupational health and safety management system and elevate the safety awareness of the employees and subcontractors.

Development and Training

The Group respects the people-oriented principle and regards employee as the utmost important asset. Attaching importance to cultivating and developing talents are the drivers for the continuous improvement of the Group and the key to the success of its future business.

The Group provides various types of training to employees and sponsors them to attend various training courses, including those on occupational health and safety in relation to the construction work. Such training courses include internal training as well as courses organised by external parties such as the Construction Industry Council and the Occupational Safety and Health Council.

11 The Group's rate is calculated with reference to the number of injuries divided by the estimated total working hours in the Group's construction sites during the Reporting Period and multiplies the result by 100,000.

Training highlights in the Reporting Period

Topic	**Organiser**
Seminar on the Employees' Compensation Ordinance	The Labour Department
Advanced Certificate Course on Project Management for Project Managers and Engineers	The Hong Kong Management Association
Certificate Course on Management Accounting-Budgeting and Planning	
Certificate Course on Executive Business Administration	

During the Reporting Period, the Group had 12% of the total number of employees received training and they received 320 hours of training. The details are as follows:

Percentage of Employee Receiving Training[12]	2018/2019
By Gender	
Male	12%
Female	13%
By Employment Category	
Senior Management or Above	20%
Middle Management (i.e. manager)	50%
General Staff	30%
Site Staff	–
Overall	12%

[12] Percentage of trained employee equals to number of employees received training during the Reporting Period divided by the number of employee at the end of the Reporting Period.

Average Training Hours[13]	2018/2019 hours/employee
By Gender	
Male	6.51
Female	2.50
By Employment Category	
Senior Management or Above	6.00
Middle Management (i.e. manager)	38.33
General Staff	6.00
Site Staff	–
Overall	**5.42**

[13] Average training hours equals total training hours in the Reporting Period divided by the total number of employee at the end of the Reporting Period.

Labour Standards

The Group prohibits the employment of child labour, forced labour and illegal labour as stipulated in its Employee Handbook. The Group has implemented the following measures to prevent having child labour or illegal immigrants from being on site and to prevent illegal workers from taking employment on site:

- Human resources and administrative officers inspect and take a copy of the original of his/her Hong Kong identity card and/or other documentary evidence showing that he/she is lawfully employable in Hong Kong.

- The subcontracting agreement contains a clause whereby subcontractors are required to hire only persons who are lawfully employable to work on site and to prevent any illegal worker to enter the site.

- Foremen are responsible for inspecting the personal identification document of each worker and shall refuse any person who does not possess proper personal identification documents from entering the site.

The Group strictly abides the Employment Ordinance and section 38A of the Immigration Ordinance. During the Reporting Period, the Group was not aware of any non-compliance case relating to child labour, forced labour and illegal immigrant labour.

Operating Practices

Supply Chain Management

The Group is committed to building lasting and constructive relationships with partners in its supply chain. The suppliers of goods and services to the Group mainly include:

- subcontractors

- suppliers of construction materials such as concrete and reinforcement steel

- machinery and equipment rental service providers

As the latest practicable date, the Group has a total of 168 suppliers and subcontractors and all of them are located in Hong Kong.

The Group's Material Supplier/Subcontractor Management Policy provides guidance on the procurement process to manage the environmental and social risks of the supply chain.

The Group maintains an approved list of subcontractors, which are selected based on their past experience, qualifications, quality of work, reputation in the industry, capability, price competitiveness, credit-worthiness and their safety and environmental records. Furthermore, in some projects, certain works which required specific skill sets including curtain wall installation, lifts and escalators installation and electrical and mechanical works, required to be carried out by the subcontractors nominated by customers. The approval list will be reviewed and updated from time to time.

Quality control over subcontractors

In order to closely monitor the performance of the subcontractors and to ensure that the subcontractors comply with the contractual requirements and the relevant laws and regulations, the Group requires subcontractors to follow its internal control measures in relation to quality control, safety and environmental compliance.

During project implementation, the project team regularly meets with subcontractors and closely monitors their performance and work progress as well as their compliance with the Group's safety measures and quality standards.

For further information regarding the Group's measures in relation to quality control, safety and environmental compliance of subcontractors, please refer to the sections headed "Product Responsibility", "Health and Safety" and "Environmental Aspect ".

In addition, depending on agreements with subcontractors, the Group may hold up a certain percentage of each interim payment made to our subcontractors as retention money, such that if the subcontractors fail to deliver the works or rectify any defects in a timely manner, any expenses.

Product Responsibility

The Group has established Quality Policy and various internal control procedures, showing the Group's commitment regarding safety and quality management of its projects and services and protection of customer's privacy.

Quality Management

To maintain consistent quality and safety of services for customers, the Group has established a formal quality management system which is certified to be in compliance with the requirements of ISO 9001:2015. The Group has in-house quality assurance requirements that conform to the ISO 9001:2015 quality standards specifying, among other things, specific work procedures for performing different types of site works, management process, responsibilities of personnel of different levels, tendering process, cost control, project planning, project management and supervision, quality inspection procedures and standards, subcontracting requirements and accident reporting and complaints. Workers and subcontractors are required to follow such procedures.

Quality control of services

The Group's quality management system is contained in its project quality plan which sets out the steps to be carried out throughout the building works process from pre-construction stage to the maintenance stage.

To ensure that the works meet the required standard,

1. A full-time foreman is assigned at each of the construction sites as the first line of monitoring the quality of works done by the Group's own staff or subcontractors.

2. Project manager visits the construction sites to monitor the work quality, the progress of work and ensures that works are completed according to schedule.

3. The Group's Executive Directors, who closely monitor the progress of each project, communicate with the project management teams closely and discuss issues identified, to ensure the building works:

- meet customers' requirements
- are completed within the time stipulated in the contract and the budget allocated for the project
- comply with all relevant codes and regulations applicable to the works

Quality control of materials

The quality of purchased materials is closely monitored. To ensure the quality of supplies, prior to ordering, quantity surveyors will ensure that the materials are sourced from approved suppliers to ensure the overall quality of supplies.

Upon the arrival of the ordered materials, all materials are sent directly to the relevant work sites for inspection by foremen before utilisation. During the inspection, the designated personnel will check (i) whether the quantity is correct; and (ii) whether there are any observable defects. Any defective materials or materials that fall short of the product specifications would be returned to the suppliers for replacement. Customers would also inspect the materials used by us at project sites and verify the specifications from time to time.

As stipulated in the IMS manual, the Group monitors the quality performance of projects based on the customers' feedback. The Group is committed to understanding the views and opinions towards product and services through close communication with customers and proper maintenance of the related records.

Intellectual Property Protection, Advertising and Labelling

The Group's business does not involve research and development, product packaging and labelling activities. Besides, the Group does not rely heavily on marketing and advertising. The Group does not aware of any significant impact relating to intellectual property, advertising and labelling on its operations.

Customer Data Protection and Privacy

The Group attaches great importance to the confidential information of the customers. The Group strives to protect the privacy of its customers, business partners and staff in the collection, processing and use of their business or personal data. The Group's Code of Conduct provides guidance on the handling of confidential information.

The Group strictly follows the laws and regulations relating to product responsibility, such as the Personal Data (Privacy) Ordinance. During the Reporting Period, the Group was not aware of any non-compliance case in this regard.

Anti-corruption

Honesty, integrity and fair competition are the core values that all employees of the Group have to defend. The Group's Code of Conduct sets out the employee's conducts in dealing with problems related to acceptance of advantages and conflicts of interest.

Other than the internal anti-bribery and corruption guidelines as stipulated in the Code of Conduct, the Group has in place a whistleblowing policy as a communication channel for employees to report concerns relating to ethical business or personal conduct, accounting and financial matters, integrity and professionalism, or allegations of retaliation for having reported matters in good faith. Employees are welcomed to send his/her concerns via email anonymously. The Group has also implemented appropriate and effective internal controls at different business processes to prevent and detect fraudulent activities.

The Group strictly abides by the laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong, including the Prevention of Bribery Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance. During the Reporting Period, the Group was not aware of any non-compliance case or related corruption litigation case in this regard.

Community

Community Investment

The Group is committed to maintaining the sustainability of its business and its communities. The Group's Community Investment Policy establishes a framework and guidelines for community investment, sponsorship and donation activities, and is expected to contribute to community wellness.

The Group aims to develop long-term relations with stakeholders based on mutual trust, respect and integrity. The Group also seeks to make contributions to programs which have a positive impact on community development. Employees are encouraged to volunteer, and work through collaboration with strategic giving as well as capacity-building initiatives to try and create a positive impact in the community.

During the Reporting Period, the Group focused on the contribution in the area of education and community. The Group donated HK$14,000 to Twinklestars, which is an organisation aims at providing financial support to the needed students for their tertiary education in Mainland China. Moreover, the Group donated HK$1,000,000 to the Community Chest of Hong Kong's "Stock Code Balloting for Charity Scheme".

ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Subject Area A. Environmental			
Aspect A1 Emissions			
General Disclosure	Information on:		
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	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		
KPI A1.1	The types of emissions and respective emissions data	Emissions	43
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	44-45
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	No significant hazardous wastes produced	44
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	44

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emissions (Note 2)	43-45
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions (Note 2)	44
Aspect A2 Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Use of Resources	46
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per meal)	Use of Resources	46

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources	46
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources (Note 2)	46
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resource (Note 2)	46
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	It is not relevant to the Group's business	Not applicable
Aspect A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources	47
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources	47

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Subject Area B. Social			
Employment and Labour Practice			
Aspect B1 Employment			
General Disclosure*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Employment	47-49
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment	49
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment	49

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Aspect B2 Health and Safety			
General Disclosure	Information on:		
	(a) the policies; and	Health and Safety	50-52
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		
KPI B2.1	Number and rate of work-related fatalities	No fatality	52
KPI B2.2	Lost days due to work injury	Not applicable	Not applicable
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety	50-52
Aspect B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	52
KPI B3.1	The percentage of employees trained by gender and employee category	Development and Training	53
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training	53

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Aspect B4 Labour Standards			
General Disclosure	Information on:		
	(a) the policies; and	Labour Standards	53-54
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards	53-54
KPI B4.2	Description of steps taken to eliminate such practices when discovered	No case discovered	Not applicable
Operating Practices			
Aspect B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of supply chain	Supply Chain Management	54-55
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management	54
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	54-55

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Aspect B6 Product Responsibility			
General Disclosure	Information on:		
	(a) the policies; and	Product Responsibility	55-57
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Not applicable	Not applicable
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable	Not applicable
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility	55-56
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility	56-57

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Aspect B7 Anti-corruption			
General Disclosure	Information on		
	(a) the policies; and	Anti-corruption	57
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	No concluded case.	57
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption	57

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs) (Note 1)		Section/Statement	Page number
Community			
Aspect B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment	57
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment	57
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment	57

Note 1: All general disclosure under each aspect and KPIs in the "Environmental" subject area are the "comply or explain" provisions while others are recommended disclosure set out in **the ESG Guide.**

Note 2: As it is the first ESG report, the Group will evaluate the results of the measures by reviewing the KPIs in the coming years.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF GOLDEN PONDER HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Golden Ponder Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 73 to 145, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition of construction contracts

Refer to note 7 to the consolidated financial statements and the accounting policies on pages 103 to 105.

The Group's revenue from construction contracts amounted to approximately HK$425,773,000 for the year ended 31 March 2019, and the carrying amount of contract assets of the Group amounted to approximately HK$120,078,000 as at 31 March 2019.

The Group recognised revenue from a construction contract by reference to the progress towards complete satisfaction of performance obligation at the end of the reporting period, measured using the input method. Most of the Group's construction contracts with customers take several years to complete and the scope of work of a contract may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of construction contracts and regularly assesses the progress of construction works as well as the financial impact of any scope changes, claims, disputes and liquidation damages.

We identified the revenue recognition of construction contracts as a key audit matter as management's estimate of revenue, budgeted costs and the stage of completion of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised.

Our response:

- Obtaining an understanding of the Group's controls and processes over revenue recognition of construction contracts and contract budget preparation;

- Discussing with management and the contract managers of the Group who are responsible for the preparation of budgets of construction contracts to evaluate the reasonableness of their bases of estimation of the budget revenue and costs as well as the progress towards completion of the contracts;

- On a sample basis, checking supporting documents including contracts, variation orders and correspondences with customers, subcontractors and suppliers, in order to evaluate reasonableness of management's estimation of the budgeted revenue and budgeted contract costs;

- Assessing management's estimates of the impact on revenue and budgeted costs arising from scope changes made to the construction contracts, claims, disputes and liquidated damages with reference to supporting documents including variation orders and correspondence among the Group, independent surveyors, customers, subcontractors and suppliers;

- Recalculating the revenue recognised based on estimate of the progress of the construction contracts; and

- On a sample basis, agreeing the contract costs incurred to date on construction contracts to the subcontractors' payment certificates and supplier invoices.

Impairment of trade receivables and contract assets

Refer to notes 16 and 21 to the consolidated financial statements and the accounting policies on page 98.

As at 31 March 2019, trade receivables and contract assets of the Group amounted to approximately HK$63,297,000 and HK$120,078,000 respectively, representing 21% and 40% of the Group's total assets, respectively.

The adoption of HKFRS 9 for the financial year beginning on 1 April 2018 has fundamentally changed the Group's accounting for impairment of trade receivables and contract assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. Management estimates ECL of trade receivables and contract assets based on the historical default rates, past-due status and financial capability of individual debtors and forward-looking macroeconomic factors.

We identified the impairment of trade receivables and contract assets as a key audit matter due to the significance of the carrying amounts of trade receivables and contract assets to the consolidated financial statements, as well as the significant judgement involved in developing and implementing the ECL model and high level of estimation uncertainty.

Our response:

- Understanding management's process of assessing recoverability of trade receivables and contract assets;

- Assessing the appropriateness of management's ECL model and challenging assumptions and data used in estimating ECL, including testing the accuracy of the historical data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and assessing whether there was an indication of management bias when recognising loss allowances; and

- Discussing with the Group's project managers about their evaluation of impact of disputes with customers and unforeseen delay of construction contracts, if any, on the recoverability of trade receivables and contract assets and checking to those relevant correspondences and documents to assess reasonableness of their evaluation.

Other Information in the Annual Report

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

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

INDEPENDENT AUDITOR'S REPORT

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.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Tang Tak Wah
Practising Certificate Number P06262

Hong Kong, 25 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**425,773**	448,556
Cost of services		**(380,748)**	(404,584)
Gross profit		**45,025**	43,972
Other income	8	**4,530**	1,536
Administrative and other expenses		**(27,042)**	(16,154)
Finance costs	9	**(130)**	(255)
Profit before income tax expense	10	**22,383**	29,099
Income tax expense	11	**(5,559)**	(5,775)
Profit and total comprehensive income for the year attributable to owners of the Company		**16,824**	23,324
		HK cent	HK cent
Earnings per share, attributable to owners of the Company			
– Basic and diluted	14	**2.33**	3.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**2,019**	1,047
Deposits	18	**362**	–
		2,381	1,047
Current assets			
Trade receivables	16	**63,297**	49,494
Retention money receivables	17	**–**	25,364
Deposits, prepayments and other receivables	18	**37,401**	23,010
Contract assets	21	**120,078**	–
Amounts due from customers for contract work	19	**–**	61,071
Amount due from a director	20	**–**	2,398
Restricted bank deposit	22	**12,030**	–
Cash and cash equivalents		**63,380**	24,696
		296,186	186,033
Current liabilities			
Trade and retention money payables	23	**93,288**	82,545
Accruals and other payables	24	**9,455**	4,158
Amount due to a director	20	**–**	3,852
Contract liabilities	21	**4,935**	–
Amounts due to customers for contract work	19	**–**	4,373
Bank borrowings	25	**–**	8,526
Obligations under finance leases	26	**30**	52
Current tax liabilities		**537**	81
		108,245	103,587
Net current assets		**187,941**	82,446
Total assets less current liabilities		**190,322**	83,493

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Obligations under finance leases	*26*	–	30
NET ASSETS		**190,322**	83,463
Capital and reserves			
Share capital	*28*	**8,000**	–*
Reserves	*28*	**182,322**	83,463
TOTAL EQUITY		**190,322**	83,463

* *The balance represents an amount less than HK$1,000.*

On behalf of the Board of Directors

Chan Kam Tong
Director

Chan Kam Ming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company				
	Share capital HK$'000 *(note 28)*	Share premium HK$'000 *(note 28)*	Capital reserve HK$'000 *(note 28)*	Retained earnings HK$'000 *(note 28)*	Total HK$'000
At 1 April 2017	–	–	500	44,639	45,139
Profit and total comprehensive income for the year	–	–	–	23,324	23,324
Issue of share at date of incorporation	–*	–	–	–	–*
Issue of shares by a subsidiary to pre-IPO investors	–	–	15,000	–	15,000
At 31 March 2018 and 1 April 2018	–*	–	15,500	67,963	83,463
Dividend *(note 13)*	–	–	–	(6,000)	(6,000)
Profit and total comprehensive income for the year	–	–	–	16,824	16,824
Capitalisation issue of shares	6,000	(6,000)	–	–	–
Issue of shares under public offer and placing	2,000	108,000	–	–	110,000
Share issue expenses	–	(13,965)	–	–	(13,965)
At 31 March 2019	**8,000**	**88,035**	**15,500**	**78,787**	**190,322**

* *The balance represents an amount less than HK$1,000.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before income tax expense		**22,383**	29,099
Adjustments for:			
Depreciation of property, plant and equipment	*10*	**360**	130
Write-off of property, plant and equipment	*10*	**708**	–
Bank interest income	*8*	**(2,203)**	–*
Finance costs	*9*	**130**	255
		21,378	29,484
Increase in trade receivables		**(13,803)**	(36,829)
Increase in retention money receivables		**–**	(6,077)
Increase in deposits, prepayments and other receivables		**(14,753)**	(10,481)
Increase in amounts due from customers for contract work		**–**	(44,313)
Increase in contract assets		**(33,643)**	–
Increase in restricted bank deposit		**(12,030)**	–
Increase in trade and retention money payables		**10,743**	56,141
Increase/(decrease) in accruals and other payables		**5,307**	(1,389)
Increase in amounts due to customers for contract work		**–**	4,373
Increase in contract liabilities		**562**	–
Cash used in operations		**(36,239)**	(9,091)
Income tax paid		**(5,103)**	(7,328)
Net cash used in operating activities		**(41,342)**	(16,419)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,040)**	(21)
Interest received		**2,203**	–*
Net cash generated from/(used in) investing activities		**163**	(21)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from financing activities			
Interest paid		**(140)**	(245)
Proceeds from issue of shares of a subsidiary to a pre-IPO investor		**–**	10,000
Proceeds from bank borrowings		**5,000**	1,409
Repayments of bank borrowings		**(13,526)**	(6,354)
(Repayment to)/advances from directors		**(3,852)**	213
Repayment of finance lease payables		**(52)**	(52)
Dividend paid	*13*	**(3,602)**	–
Proceeds from issue of shares upon public offer and placing	*28(e)*	**110,000**	–
Payment of share issue expenses		**(13,965)**	–
Net cash generated from financing activities		**79,863**	4,971
Net increase/(decrease) in cash and cash equivalents		**38,684**	(11,469)
Cash and cash equivalents at beginning of the year		**24,696**	36,165
Cash and cash equivalents at end of the year		**63,380**	24,696

* *The balance represents an amount less than HK$1,000.*

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 August 2018 (the "**Listing**"). The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is located at Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

The shares of Company have been listed on the Main Board of The Stock Exchange with effect from 22 August 2018.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 29.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018

The Group has adopted the following new and revised HKFRSs, which are relevant to the preparation of the Group's financial statements, for the first time for the current year's consolidated financial statements.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 "Financial instruments" (see note 2(a)(A) below) and HKFRS 15 "Revenue from Contracts with Customers" (see note 2(a)(B) below) have been summarised below. The other or amended HKFRSs that are effective form 1 April 2018 did not have any material impact on the Group's consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments"

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(i) Classification and measurement of financial instruments (Continued)

In relation to construction contracts previously accounted for under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Retention money receivables of HK$25,364,000 and amounts due from customers for contract work of HK$61,071,000 were reclassified to contract assets, whilst amounts due to customers for contract work of HK$4,373,000 were reclassified to contract liabilities.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 31 March 2018 under HKAS 39 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'000
Trade receivables	Loans and receivables	Amortised cost	49,494	49,494
Retention money receivables	Loans and receivables	N/A	25,364	N/A
Deposits and other receivables	Loans and receivables	Amortised cost	11,821	11,821
Contract assets	N/A	Amortised cost	N/A	86,435
Amounts due from customers for contract work	Loans and receivables	N/A	61,071	N/A
Amount due from a director	Loans and receivables	Amortised cost	2,398	2,398
Cash and cash equivalents	Loans and receivables	Amortised cost	24,696	24,696

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(i) Classification and measurement of financial instruments (Continued)

Financial liabilities	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 31 March 2018 under HKAS 39 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'000
Trade and retention money payables	Amortised cost	Amortised cost	82,545	82,545
Accruals and other payables	Amortised cost	Amortised cost	4,158	4,158
Amount due to a director	Amortised cost	Amortised cost	3,852	3,852
Amounts due to customers for contract work	Amortised cost	N/A	4,373	N/A
Contract liabilities	N/A	Amortised cost	N/A	4,373
Bank borrowings	Amortised cost	Amortised cost	8,526	8,526

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognise ECL for trade receivables, contract assets and other financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has measured loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

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

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract asset. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables. The loss allowances for the trade receivables as at 1 April 2018 was determined as follows:

Trade receivables as at 1 April 2018	Current	0 – 30 days past due	31 – 60 days past due	61 – 90 days past due	Total
Gross carrying amount (HK$'000)	49,417	–	–	77	49,494
Expected credit loss rate (%)	0.2	0.5	0.7	1.1	N/A

Contract assets are related to retention money receivables and unbilled revenue which have substantially the same risk characteristics as the trade receivables for the same type of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The directors considered that the impairment under ECLs model for both trade receivables and contract assets as at 1 April 2018 is immaterial and no adjustment was made to the retained earnings as at 1 April 2018 (see note 2(a)(A)(iii) below for transitional provision).

(b) Impairment of other financial assets

The Group's other receivables and amount due from a director, the Group measures the loss allowances equal to 12-months ECLs, unless when there has been a significant increase in credit risk since initial recognition. The Group recognises lifetime ECLs. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity to meet contractual cash flow as performing.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(A) HKFRS 9 "Financial Instruments" (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model

(c) Impairment of cash and cash equivalents

Cash and cash equivalents are considered to have low credit risk. The loss allowances recognised were limited to 12-months ECLs and considered immaterial to the Group.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The determination of the business model within which a financial asset is held have been assessed on the basis of the facts and circumstances that existed at the date of initial application (the "**DIA**") of HKFRS 9.

(B) HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has adopted HKFRS 15 using the cumulative effect method and has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(B) HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") (Continued)

Summary of effects arising from initial application of HKFRS 15

For superstructure building and RMAA works services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the costs incurred up to the end of the reporting period as a percentage of total estimated costs of each contract.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts. However, upon the adoption of HKFRS 15, retention money receivables and amounts due from customers for contract work are reclassified to contract assets, whilst amounts due to customers for contract work are reclassified to contract liabilities.

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

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	HK$'000	HK$'000
Current assets			
Retention money receivables	25,364	(25,364)	–
Contract assets	N/A	86,435	86,435
Amounts due from customers for contract work	61,071	(61,071)	–
Current liabilities			
Amounts due to customers for contract work	4,373	(4,373)	–
Contract liabilities	N/A	4,373	4,373

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of new and revised HKFRSs – effective from 1 April 2018 (Continued)

(C) Amendments HKFRS 15 "Revenue from Contracts with Customers" (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

(b) New and revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group, the Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and revised HKFRSs that have been issued but are not yet effective (Continued)

The directors are in the process of assessing the impact of these new/revised HKFRSs and do not intend to adopt them before their respective effective dates. So far the Group has concluded that the adoption of them is unlikely to have significant impact on its results of operations and financial position. The nature of the impending changes in accounting policies on adoption of these new/revised HKFRSs is set out below.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for its leases. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparatives. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases (i.e. where the lease term is 12 months or less) and leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease terms.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and revised HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 28

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Amendments to HKFRS 3 – Definition of a business

The amendments improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition of material to make it easier for entities to make materiality judgements. The definition of material, an important accounting concept in HKFRS Standards, helps entities decide whether information should be included in their financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and revised HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

3. BASIS OF PREPARATION

(a) Reorganisation

Pursuant to the reorganisation as detailed in "History, Development and Reorganisation" section of the Prospectus (the "**Reorganisation**") of the Company dated 7 August 2018, in preparation for the Listing and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 28 November 2017 by way of transfer of equity interests in Century Success Limited to the Company in consideration of the Company's allotment and issue of shares to the companies held by the then shareholders of Century Success Limited.

Prior to the Reorganisation, the Group's operations were carried on by a subsidiary of the Company, Head Fame Company Limited ("**Head Fame**"), which was jointly controlled by Mr. Chan Kam Tong and Mr. Chan Kam Ming (the "**Controlling Shareholders**"). As part of the Reorganisation, Century Success Limited, the immediate holding company of Head Fame and the Company were incorporated and interspersed between Head Fame and the Controlling Shareholders. Each of the Company and the immediate holding company of Head Fame has not been involved in any businesses prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group and has no substance and does not form a business combination. Accordingly, the comparative information has been prepared and presented using the book values of Head Fame.

3. BASIS OF PREPARATION (CONTINUED)

(a) Reorganisation (Continued)

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the reporting period have been prepared using the financial statements of the entities now comprising the Group, as if the current group structure had been in existence throughout the comparative period, or since the respective dates of incorporation of the relevant entities now comprising the Group where this is a shorter period. All significant intra-group transactions and balances have been eliminated on consolidation.

(b) Statement of compliance

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

(c) Basic of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(d) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("**the Group**"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Business combination and basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investment in a subsidiary is stated at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value under reducing balance method or straight-line method. The annual depreciation rate and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual depreciation rates are as follows:

Furniture and equipment	10% on the reducing balance method
Motor vehicles	20% on the reducing balance method
Leasehold improvement	Straight-line basis over the lease terms

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(e) (A) Financial instruments (accounting policies applied from 1 April 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) (A) Financial instruments (accounting policies applied from 1 April 2018) (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("**ECL**") on trade receivables, contract assets and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables and contract assets that do not contain a significant financing component using HKFRS 9 simplified approach and calculates ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) (A) Financial instruments (accounting policies applied from 1 April 2018) (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) (B) Financial Instruments (accounting polices applied until 31 March 2018)

The group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

(i) Financial assets

The Group's financial assets are all classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each of the reporting period, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred "**loss event**") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) (B) Financial Instruments (accounting polices applied until 31 March 2018) (Continued)

(ii) Impairment loss on financial assets (Continued)

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group's financial liabilities are mainly classified as financial liabilities at amortised cost, which are initially measured at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) (B) Financial Instruments (accounting polices applied until 31 March 2018) (Continued)

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(f) Construction contracts (accounting policies applied until 31 March 2018)

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of reporting period.

Stage of completion is estimated with reference to the proportion of contract costs incurred to date bear to the estimated total costs of the relevant contracts.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Construction contracts (accounting policies applied until 31 March 2018) (Continued)

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

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

(g) Revenue recognition

(A) Revenue recognition (accounting policies applied from 1 April 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

(A) Revenue recognition (accounting policies applied from 1 April 2018) (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Provision of contract services

The Group provides construction of superstructure building and RMAA works services to customer. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced and the payment is generally due within 30 days from the date of invoice. Revenue is recognised from a construction contract by reference to the progress towards complete satisfaction of performance obligation at the end of the reporting period, measured using the input method based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Other income

Interest income is recognised using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets and contract liabilities (accounting policies applied from 1 April 2018)

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. 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 services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

(A) Revenue recognition (accounting policies applied from 1 April 2018) (Continued)

Contract cost (accounting policies applied from 1 April 2018)

Contract asset is recognised when (i) the Group completes the infrastructure construction works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference.

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

The Group recognises an asset from the incremental costs of obtaining a contract with a customer or the costs incurred to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to an anticipated contract that the entity can specifically identify; generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

(B) Revenue recognition (accounting policies applied until 31 March 2018)

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from construction contracts is recognised based on the stage of completion, measured by reference to the proportion of contract costs incurred to date bear to the estimated total costs of the relevant contracts (note 4(f)).

Interest income is recognised using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(h) Income taxes

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income taxes (Continued)

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(i) Foreign currency transactions

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which it operates (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

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

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

At the end of each reporting period, the Group assesses whether there is any indication that items of property, plant and equipment and investments in a subsidiary have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

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

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

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred

(m) Provision and contingent liabilities

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

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

(n) Related parties

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

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

  (ii) has significant influence over the Group; or

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Related parties (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statement of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

(a) Expected credit losses on trade for receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. If forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in a particular sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 33(a) to the consolidated financial statements.

(b) Measurement of value of construction works

The Group uses input method to measure the progress toward satisfaction of the performance obligations, and specifically, the proportion of actual construction costs incurred relative to the estimated total costs. Actual construction costs incurred include direct and indirect costs in the process of transferring goods from the Group to customers. The Group believes that contract price is based on construction costs. Therefore, the proportion of actual construction costs incurred relative to the total expected costs can reflect the progress toward satisfaction of construction service. Since the duration of construction is relatively long that it may cover more than one accounting period, the Group will review contract, revise budget and adjust revenue accordingly as the contract carries forward.

6. SEGMENT INFORMATION

Operating segments

During the reporting period, the Group was principally engaged in the provision of superstructure building and RMAA works service, as a main contractor, in Hong Kong. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

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

Information about major customers

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

	2019 **HK$'000**	2018 HK$'000
Customer A	**130,539**	–
Customer B	**120,768**	104,333
Customer C	**76,752**	N/A*
Customer D	**N/A***	87,985
Customer E	**N/A***	160,068

* Revenue from relevant customer was less than 10% of the Group's total revenue for the reporting period.

7. REVENUE

An analysis of the Group's revenue from contracts with customers recognised during the reporting period is as follows:

	2019	2018
	HK$'000	HK$'000
Hong Kong		
Superstructure building works	**285,523**	420,705
RMAA works	**140,250**	27,851
	425,773	448,556
Timing of revenue recognition		
Over time	**425,773**	448,556

The Group's revenue represents amount received and receivable from contract work performed and is recognised over time in accordance with accounting policy set out in note 4(g)(A) above for the year ended 31 March 2019 and recognised based on the stage of completion of the contracts in accordance with accounting policy set out in note 4(g)(B) above for the year ended 31 March 2018.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	2019	2018
	HK$'000	HK$'000
Trade receivables *(note 16)*	**63,297**	49,494
Contract assets *(note 21 (a))*	**120,078**	–
Contract liabilities *(note 21 (b))*	**4,935**	–

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provisions of superstructure building and RMAA works service. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

7. REVENUE (CONTINUED)

The contract liabilities mainly relate to the advance consideration received from customers. HK$4,373,000 of the contract liabilities as of 1 April 2018 has been recognised as revenue for the year ended 31 March 2019 from performance obligations satisfied in previous year due to the changes in the estimate stage of completion of some construction works (note 21(b)).

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$228,167,000. This amount represents revenue expected to be recognised in the future from partially-completed long-term construction contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 12 to 24 months.

The Group has applied the practical expedient to its contracts for construction services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for construction production that had an original expected duration of one year or less.

8. OTHER INCOME

An analysis of the Group's other income recognised during the reporting period is as follows:

	2019 **HK$'000**	2018 HK$'000
Recovery of bad debts	**2,327**	991
Compensation income	**–**	545
Bank interest income	**2,203**	–*
	4,530	1,536

* *The balance represents an amount less than HK$1,000.*

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowings	**122**	247
Finance lease interest	**8**	8
	130	255

10. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2019 HK$'000	2018 HK$'000
Auditor's remuneration	**480**	150
Listing expenses	**9,416**	5,305
Depreciation of property, plant and equipment		
– Owned	**338**	103
– Held under finance leases	**22**	27
	360	130
Write-off of property, plant and equipment	**708**	–
Employee benefit expenses (including directors' remuneration *(note 12)*		
– Wages and salaries	**23,111**	22,962
– Contributions to defined contribution retirement plans	**757**	727
– Others	**124**	153
	23,992	23,842
Minimum lease payments under operating leases – buildings	**1,080**	541
Machinery rental expense	**6,696**	9,964

11. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the consolidated statements of comprehensive income during the reporting period represents:

	2019 HK$'000	2018 HK$'000
Current income tax – Hong Kong profits tax	**5,559**	5,775

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The income tax expense for the reporting period can be reconciled to the profit before income tax expense per the consolidated statements of comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
Profit before income tax expense	**22,383**	29,099
Tax calculated at statutory tax rate of 16.5%	**3,693**	4,801
Tax effect of expenses not deductible for tax purpose	**2,322**	947
Tax effect of expenses not taxable for tax purpose	**(348)**	–
Tax relief enacted by the tax authority	**(20)**	(30)
Income tax at concessionary rate	**(165)**	–
Others	**77**	57
	5,559	5,775

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' remuneration for the reporting period, disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended 31 March 2019

	Fees	Salaries and benefits	Contributions on defined contribution retirement plans	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Mr. Chan Kam Tong	–	650	18	668
Mr. Chan Kam Ming	–	650	18	668
Independent non-executive directors (note i)				
Mr. Hau Wing Shing Vincent	–	110	–	110
Mr. Szeto Cheong Mark	–	110	–	110
Mr. Wan Simon	–	110	–	110
	–	1,630	36	1,666

(i) Mr. Hau Wing Shing Vincent, Mr. Szeto Cheong Mark and Mr. Wan Simon were appointed as an independent non-executive director on 24 July 2018.

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' remuneration (Continued)

Year ended 31 March 2018

	Fees HK$'000	Salaries and benefits HK$'000	Contributions on defined contribution retirement plans HK$'000	Total HK$'000
Executive directors:				
Mr. Chan Kam Tong	–	663	18	681
Mr. Chan Kam Ming	–	663	18	681
	–	1,326	36	1,362

(b) Five highest paid individuals' remuneration

The five individuals with the highest remuneration of the Group did not include any directors of the Company during the reporting period. The emoluments of the five highest paid individuals during the reporting period are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and benefits	**4,755**	4,824
Contributions to defined contribution retirement plans	**72**	72
	4,827	4,896

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals' remuneration (Continued)

Their remuneration fell within the following bands:

	2019 **No. of individuals**	2018 No. of individuals
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	1
	5	5

No director or any of the five highest paid individuals waived or agreed to waive any remuneration. There were no emoluments paid by the Group to the directors or any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. DIVIDEND

On 30 May 2018, a dividend of HK$6,000,000 for the year ended 31 March 2018 was declared by the Company, of which an amount of approximately HK$2,398,000 was settled by offsetting with amount due from a director and the rest was paid in cash. There is no income tax consequences related to the payment of dividend by the Company to the Shareholders.

14. EARNINGS PER SHARE

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

	Year ended 31 March	
	2019	2018
Earnings		
Earnings for the purposes of basic earnings per share (HK'000)	**16,824**	23,324
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**721,643,836**	600,000,000

For the year ended 31 March 2019, the calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK$16,824,000 and the weighted average number of 721,643,836 ordinary shares.

For the year ended 31 March 2018, the calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$23,324,000 and on the basis of 600,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue (note 28(d)) as if these shares issued under the Reorganisation had been issued on 1 April 2017 but excluding any shares issued pursuant to the share offer (note 28(e)).

Diluted earnings per share are same as the basic earnings per share as there is no dilutive potential ordinary shares in existence during the years ended 31 March 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2017	1,459	–	260	1,719
Additions	21	–	–	21
At 31 March 2018 and 1 April 2018	1,480	–	260	1,740
Additions	679	1,122	239	2,040
Write-off	(1,290)	–	–	(1,290)
At 31 March 2019	**869**	**1,122**	**499**	**2,490**
Accumulated depreciation				
At 1 April 2017	436	–	127	563
Provided for the year	104	–	26	130
At 31 March 2018 and 1 April 2018	540	–	153	693
Provided for the year	124	187	49	360
Eliminated on write-off	(582)	–	–	(582)
At 31 March 2019	**82**	**187**	**202**	**471**
Net book value				
At 31 March 2019	**787**	**935**	**297**	**2,019**
At 31 March 2018	940	–	107	1,047

The carrying amount of the Group's motor vehicle include an amount of approximately HK$85,000 and HK$107,000 for the year ended 31 March 2019 and 2018, respectively, in respect of asset acquired under finance leases (note 26).

16. TRADE RECEIVABLES

Trade receivables were mainly derived from provision of building and civil engineering construction works, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis. Further details of the Group's credit policy and credit risk arising from trade receivables are set out in note 33(a).

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	2019 **HK$'000**	2018 HK$'000
Less than 1 month	**25,722**	49,417
More than 1 month but less than 3 months	**10,162**	77
More than 3 months but less than one year	**27,413**	–
	63,297	49,494

17. RETENTION MONEY RECEIVABLES

Retention monies withheld by customers for contract work are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts. As at 31 March 2018, none of the Company's retention money receivables was past due but not impaired. Retention money receivables were reclassified to contract assets upon initial application of HKFRS 15 on 1 April 2018. Details are set out in note 2(a)(B).

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Non-current		
Deposits	**362**	–
Current		
Deposits	**29,529**	7,967
Prepayments	**5,118**	8,475
Deferred Listing expenses	**–**	2,714
Other receivables	**2,754**	3,854
	37,401	23,010

Included in the Group's deposits as at 31 March 2019 and 2018 were deposits of approximately HK$28,630,000 and HK$7,425,000, respectively, placed with an insurance company as security for issuance of non-interest bearing surety bonds for construction contracts.

The deferred listing expenses are incurred in connection with the listing of the Group and will be deducted from equity upon listing of the Company.

The balances of other receivables are unsecured, interest-free and repayable on demand. The Group's other receivables were neither past due nor impaired as at 31 March 2019 and 2018.

19. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000
Contracts in progress at the end of reporting periods:	
Contract costs incurred	886,331
Recognised profits less recognised losses	84,560
	970,891
Less: progress billings	(914,193)
	56,698

	2018 HK$'000
Represented by:	
Amounts due from customers for contract work	61,071
Amounts due to customers for contract work	(4,373)
	56,698

Amounts due from/(to) customers for contract work were reclassified to contract assets/contract liabilities (note 21) upon initial application of HKFRS 15 on 1 April 2018. Details are set out in note 2(a)(B).

20. AMOUNTS DUE FROM/(TO) DIRECTORS

The balances with the directors are unsecured, interest-free and repayable on demand and are non-trade in nature.

Particulars of amounts due from/(to) directors are as follows:

	Maximum amount outstanding during the year ended 31 March			
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Mr. Chan Kam Tong	**2,398**	2,398	**–**	2,398
Mr. Chan Kam Ming	**N/A**	2,398	**–**	(3,852)
			–	(1,454)

The amount due from a director was not impaired as at 31 March 2018.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Contract assets arising from:			
Construction services *(note 7)*	**120,078**	86,435	–

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(a) Contract assets (Continued)

Construction services

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. Additionally, the Group typically agrees 1 to 3 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The expected timing of recovery or settlement for contract assets as at 31 March 2019 is as follows:

	HK$'000
Within one year	120,078

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are with reference to those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are with reference to days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. The directors considered that the impairment under ECLs model for contract assets as at 1 April 2018 and 31 March 2019 is immaterial.

(b) Contract liabilities

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Contract liabilities arising from:			
Construction services	**4,935**	4,373	–

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities (Continued)

Construction services

Where discrepancies arise between the milestone payments and the Group's assessment of the stage of completion, contract liabilities can arise.

Movements in contract liabilities

	HK$'000
Balance as at 1 April 2018	4,373
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year *(note 7)*	(4,373)
Increase in contract liabilities as a result of billing in advance of construction service *(note 7)*	4,935
Balance at 31 March 2019	4,935

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018. Upon the adoption of HKFRS 15, amounts previously included as "Amounts due from customers for contract work" and "Amounts due to customers for contract work" (note 19) have been reclassified to "Contract assets" and "Contract liabilities" respectively.

22. RESTRICTED BANK DEPOSIT

	2019 **HK$'000**	2018 HK$'000
Restricted bank deposit	**12,030**	–

As at 31 March 2019, a bank deposit approximately of HK$12,030,000 (2018: nil) was pledged to bank for performance bonds.

23. TRADE AND RETENTION MONEY PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables *(note i)*	**63,645**	57,309
Retention money payables *(note ii)*	**29,643**	25,236
	93,288	82,545

Note i: An ageing analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2019 HK$'000	2018 HK$'000
Current or less than 1 month	**41,764**	39,405
1 to 3 months	**11,552**	15,822
More than 3 months but less than 1 year	**9,774**	548
More than 1 year	**555**	1,534
	63,645	57,309

Note ii: Retention monies from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

24. ACCRUALS AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Accrual expenses	**8,931**	3,833
Other payables	**524**	325
	9,455	4,158

25. BANK BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Interest bearing bank borrowings which contain a repayable on demand clause and classified as current liabilities	–	8,526

Notes:

(i) The bank borrowings are secured by personal guarantees given by Mr. Chan Kam Tong and Mr. Chan Kam Ming, directors of the Company, and the spouse of Mr. Chan Kam Ming, and properties directly and indirectly held by Mr. Chan Kam Tong and Mr. Chan Kam Ming. Interests are charged at prime rate less 2.8% or Hong Kong Interbank Offered Rate plus 1.8% per annum for the reporting period.

(ii) Part of the Group's bank borrowings with scheduled repayments after one year are classified as current liabilities as the related loan agreements contain a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year from the end of the reporting period.

As at 31 March 2019 and 2018, the Group's bank borrowings were scheduled to be repaid as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
On demand or within one year	–	2,279
More than one year, but not exceeding two years	–	888
More than two years, but not exceeding five years	–	2,785
After five years	–	2,574
	–	8,526

25. BANK BORROWINGS (CONTINUED)

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

All of the banking facilities are subject to the fulfillment of covenants relating to the Group's financial position, certain requirements on the operation and the dividend payment, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the outstanding loans would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company has complied with the covenants and met the scheduled repayment obligations or not.

The Group regularly monitors its compliance with these covenants and is up to date with the scheduled repayments of the bank borrowings and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. In the opinion of the directors of the Group, the Group has fulfilled all covenants of the banking facilities as at 31 March 2019 and 2018. Further details of the Company's management of liquidity risk are set out in note 33 to the consolidated financial statements.

26. OBLIGATIONS UNDER FINANCE LEASES

The Group leased one motor vehicle as at 31 March 2019 and 2018. The lease of that motor vehicle was classified as a finance lease as the rental period amounted to the estimated useful economic life of the asset concerned and the Group has the right to purchase the asset outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	2019 **HK$'000**	2018 HK$'000
Total minimum lease payments:		
– due within one year	**35**	61
– due in the second year	**–**	35
	35	96
Future finance charges on finance lease	**(5)**	(14)
Present value of finance lease liabilities	**30**	82
Total minimum lease payments:		
– due within one year	**30**	52
– due in the second year	**–**	30
	30	82
Less: portion classified as current liabilities	**(30)**	(52)
Non-current portion	**–**	30

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment in a subsidiary		**60,139**	60,139
Current assets			
Amount due from the holding company		**–**	–*
Amount due from a subsidiary		**55,158**	–
Prepayments and other receivables		**300**	17
Cash and cash equivalents		**44,609**	–
		100,067	17
Current liabilities			
Accruals		**501**	–
Amounts due to subsidiaries		**5,582**	34
		6,083	34
NET CURRENT ASSETS/(LIABILITIES)		**93,984**	(17)
NET ASSETS		**154,123**	60,122
Capital and Reserves			
Share capital	*28*	**8,000**	–*
Reserves	*28*	**146,123**	60,122
TOTAL EQUITY		**154,123**	60,122

* *The balance represents an amount less than HK$1,000.*

28. SHARE CAPITAL AND RESERVES

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
Upon incorporation *(note (a))*	10,000,000	100
Increase in authorised share capital *(note (b))*	1,490,000,000	14,900
As at 31 March 2019	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
Upon incorporation *(note (a))*	1	–*
Allotment of shares *(note (c))*	29,999	–*
Capitalisation issue of shares *(note (d))*	599,970,000	6,000
Issue of shares under share offer *(note (e))*	200,000,000	2,000
As at 31 March 2019	800,000,000	8,000

* The balance represents an amount less than HK$1,000.

Share capital

Note (a): The Company was incorporated in the Cayman Islands with limited liability on 11 May 2017 with an authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares with a par value of HK$0.01 each. On the same day, one nil-paid subscriber share was allotted and issued to Reid Services Limited, the initial subscriber of our Company, which was subsequently transferred to Shiny Golden Limited ("**Shiny Golden**") on the same date.

Note (b): On 25 July 2018, the authorised share capital of the Company was increased from HK$100,000 divided into 10,000,000 ordinary shares to HK$15,000,000 divided into 1,500,000,000 ordinary shares of par value of HK$0.01 each by the creation of an additional of 1,490,000,000 ordinary shares.

Note (c): On 28 November 2017, Mr. KT Chan, Mr. KM Chan, UG China Venture II Limited ("**UG**") and Vibrant Sound Limited ("**Vibrant Sound**"), as vendors, and the Company, as purchaser entered into a sale and purchase agreement, pursuant to which the Company acquired 135 ordinary shares, 135 ordinary shares, 20 ordinary shares and 10 ordinary shares of par value US$1.00 each of Century Success Limited, representing all of its issued shares in aggregate, from Mr. KT Chan, Mr. KM Chan, UG and Vibrant Sound, respectively, which was satisfied by the Company allotting and issuing 26,999 ordinary shares, 2,000 ordinary shares and 1,000 ordinary shares, credited as fully-paid, to Shiny Golden (at the instructions of Mr. KT Chan and Mr. KM Chan), UG and Vibrant Sound, respectively, and crediting as fully paid the one nil-paid share held by Shiny Golden.

Note (d): Pursuant to the written resolutions passed on 25 July 2018, the directors were authorised to capitalise an amount of HK$5,999,700 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 599,970,000 ordinary shares for the allotment of shares to Shiny Golden.

Note (e): Under a share offer took place during the period, 200,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.55 per share for a total consideration (before share issue expenses) of HK$110,000,000.

28. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves

Details of movements of the Group's reserves are set out in the consolidated statement of changes in equity on page 76.

(i) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(ii) Capital reserve

Capital reserve represents the aggregate of the share capital of Head Fame and investment from pre-IPO investors.

(iii) Retained earnings

Retained earnings represent the cumulative profit or loss recognised.

Details of movements of the Company's reserves are set out below.

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
Issue of share at date of incorporation	–*	–	–	–	–*
Issue of shares by the Company	–*	–	60,139	–	60,139
Loss and total comprehensive income for the year	–	–	–	(17)	(17)
At 31 March 2018	–*	–	60,139	(17)	60,122
Dividend *(note 13)*	–	–	–	(6,000)	(6,000)
Profit and total comprehensive income for the year	–	–	–	3,966	3,966
Capitalisation issue of shares	6,000	(6,000)	–	–	–
Issue of shares under public offer and placing	2,000	108,000	–	–	110,000
Share issue expenses	–	(13,965)	–	–	(13,965)
At 31 March 2019	**8,000**	**88,035**	**60,139**	**(2,051)**	**154,123**

* *The balance represents an amount less than HK$1,000.*

29. DETAILS OF SUBSIDIARIES

As at the date of this report, the Company had direct or indirect interests in the subsidiaries as set out below.

Name of entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company Direct	Indirect	Issued and fully paid ordinary share capital	Principal activities and principal place of business
Century Success Limited	BVI, 11 January, 2017, limited liability company	100%	–	US$300 divided into 300 shares of US$1 each	Investment holding, Hong Kong
Head Fame Company Limited	Hong Kong, 23 August 1985, limited liability company	–	100%	HK$500,000 divided into 500,000 shares	Provision of superstructure building and RMAA works service as a main contractor, Hong Kong

30. OPERATING LEASE COMMITMENTS

Operating leases – lessee

The Group leases office premises and storage rooms under operating leases. The leases run for initial periods of 12 to 36 months and the leases do not include contingent rentals. The total future minimum lease payments payable by the Group under non-cancellable operating lease are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**1,536**	372
In the second to fifth years, inclusive	**1,785**	–
	3,321	372

31. RELATED PARTY TRANSACTIONS

Key management personnel remuneration represents emoluments paid to the directors of the Company as set out in note 12.

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 March 2019, dividend declared by the Company amounting to HK$2,398,000 was settled by offsetting with amount due from a director.

(b) Reconciliation of movements of liabilities arising from financing activities

	Bank borrowings and interest payables	Obligations under finance lease	Net amounts due (from)/to directors	Dividend payable
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2017	13,471	134	1,241	–
Changes from financing cash flows:				
Proceeds from bank borrowings	1,409	–	–	–
Repayments of bank borrowings	(6,354)	–	–	–
Capital element of finance lease obligations paid	–	(52)	–	–
Interest element of finance lease obligations paid	–	(8)	–	–
Advances from directors	–	–	213	–
Interest paid	(237)	–	–	–
Total changes from financing cash flows	(5,182)	(60)	213	–
Other changes:				
Interest expenses	247	–	–	–
Finance charges on obligations under finance leases	–	8	–	–

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of movements of liabilities arising from financing activities (Continued)

	Bank borrowings and interest payables *HK$'000*	Obligations under finance lease *HK$'000*	Net amounts due (from)/to directors *HK$'000*	Dividend payable *HK$'000*
As at 31 March 2018 and 1 April 2018	8,536	82	1,454	–
Change from financing cash flows:				
Proceeds from bank borrowings	5,000	–	–	–
Repayments of bank borrowings	(13,526)	–	–	–
Capital element of finance lease obligations paid	–	(52)	–	–
Interest element of finance lease obligations paid	–	(8)	–	–
Repayment to a director	–	–	(3,852)	–
Interest paid	(132)	–	–	–
Dividend paid	–	–	–	(3,602)
Total changes from financing cash flows	(8,658)	(60)	(3,852)	(3,602)
Other changes:				
Interest expenses	122	–	–	–
Finance charges on obligations under finance leases	–	8	–	–
Offset with dividend payable *(note a)*	–	–	2,398	3,602
As at 31 March 2019	–	30	–	–

33. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets are trade receivables, contract assets, deposits and other receivables, restricted bank deposit and cash and cash equivalents that derive directly from its operations. Principal financial liabilities of the Group include trade and retention money payables, contract liabilities, accruals and obligations under finance leases. The main purpose of these financial liabilities is to finance the Group's operations.

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

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

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

The credit risk of the Group's trade receivables is concentrated, because, as at 31 March 2019 and 2018, 40% and 65% and 99% and 100% of which was due from the Group's largest and five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 16.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLS, which is calculated using a provision matrix. Given the customers of the Group are mainly reputable companies and the Group has not experienced any significant credit losses in the past, management considered that the allowance for ECLs is insignificant. As a result, no provision for impairment of trade receivables and contract assets is necessary for the year.

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

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowances HK$'000
ECLs for trade receivables:			
Current (Not past due)	0.2	25,722	51
0-30 days past due	0.5	170	1
31-60 days past due	0.7	9,992	70
More than 90 days past due	1.9	27,413	521
		63,297	643
ECLs for contract assets			
Current (Not past due)	0.2	110,574	221
More than 90 days past due	1.9	9,504	181
		120,078	402

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence impairment (note 4(e)(B)(ii)). The ageing analysis of trade debtors that were not considered to be impaired was follows:

	2018 HK$'000
Neither past due nor impaired	49,417
1 to 3 months past due	77
	49,494

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

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

The Group's customers are reputable corporations and thus credit risk is considered to be low. Credit risk on other receivables is minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the reporting period and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

The Group's bank balances are deposited with banks with good reputation and with high credit-ratings assigned by international credit-rating agencies and hence management does not expect any losses from nonperformance by these banks.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and retention money payables, accruals and its financing obligations, and also in respect of its cash flow management.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms. In the opinion of the directors of the Company, the Group was able to comply with all covenants of the banking facilities as at 31 March 2019 and 31 March 2018.

The liquidity policies have been followed by the Group throughout the reporting period and are considered to have been effective in managing liquidity risks.

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000
At 31 March 2019			
Trade and retention money payables	93,288	93,288	93,288
Accruals and other payables	9,455	9,455	9,455
Contract liabilities	4,935	4,935	4,935
Obligations under finance leases	30	35	35
	107,708	107,713	107,713

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000
At 31 March 2018				
Trade and retention money payables	82,545	82,545	82,545	–
Accruals and other payables	4,158	4,158	4,158	–
Amount due to a director	3,852	3,852	3,852	–
Amounts due to customers for contract work	4,373	4,373	4,373	–
Bank borrowings	8,526	9,147	9,147	–
Obligations under finance leases	82	96	61	35
	103,536	104,171	104,136	35

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of these loans amounted to approximately HK$9,147,000. Taking into account the Company's financial position, the directors of the Company do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000
Bank borrowings						
As at 31 March 2018	8,526	9,147	2,427	1,017	3,051	2,652

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's bank deposits and cash at bank balances bear floating interest rates. The Group also has bank borrowings and finance lease payables which bear interests at fixed and floating interest rates. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

Exposure

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

	Effective interest rate per annum		Carrying amount	
	2019	2018	**2019**	2018
	%	%	**HK$'000**	HK$'000
Fixed rate instruments				
Financial liabilities				
Obligations under finance leases	**3.25**	3.25	**30**	82
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**0.125-2.73**	0.02	**(44,170)**	(2)
Financial liabilities				
Bank borrowings	**N/A**	2.20 – 2.62	**–**	8,526
			(44,170)	8,524
Net exposure			**(44,140)**	8,606

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

Sensitivity analysis

As at 31 March 2018, if the interest rate on the outstanding bank loans had been 100 basis points higher/lower, with all other variables held constant, our profit after tax for the respective years ended would have been lower/higher by HK$71,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each of the reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at those dates. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over each of the period until the next annual reporting date.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

The Group monitors capital using a gearing ratio, which is net debts divided by total equity. Total debts represent the total balance of bank borrowings and obligations under finance leases as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	2019 **HK$'000**	2018 HK$'000
Bank borrowings	**–**	8,526
Obligations under finance leases	**30**	82
Less: cash and cash equivalents	**(63,380)**	(24,696)
Net cash	**(63,350)**	(16,088)
Total equity	**190,322**	83,463
Net debt to equity ratio	**N/A**	N/A

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Financial assets measured at amortised cost		
– Trade receivables	**63,297**	49,494
– Retention money receivables	**–**	25,364
– Deposits and other receivables	**32,645**	11,821
– Contract assets	**120,078**	–
– Amounts due from customers for contract work	**–**	61,071
– Amount due from a director	**–**	2,398
– Restricted bank deposit	**12,030**	–
– Cash and cash equivalents	**63,380**	24,696
	291,430	174,844
Financial liabilities measured at amortised cost		
– Trade and retention money payables	**93,288**	82,545
– Accruals and other payables	**9,455**	4,158
– Amount due to a director	**–**	3,852
– Contract liabilities	**4,935**	–
– Amounts due to customers for contract work	**–**	4,373
– Bank borrowings	**–**	8,526
– Obligations under finance leases	**30**	82
	107,708	103,536

36. LITIGATION

At the end of the reporting period, the Group was a defendant in a number of claims, lawsuits and potential claims relating to employee's compensation cases and personal injury claims. In the opinion of the directors, the possibility of any outflow of resources in settling these claims is remote and accordingly no provision for liabilities in respect of these litigations is necessary.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 25 June 2019.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and total equity of the Group for the last four financial years, as extracted from the Prospectus and audited financial statements of the Group, is set out below:

RESULTS

	Year ended 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**425,773**	448,556	371,698	323,375
Profit before income tax expense	**22,383**	29,099	27,809	23,566
Income tax expense	**(5,559)**	(5,775)	(5,334)	(3,904)
Profit for the year	**16,824**	23,324	22,475	19,662
Attributable to:				
Owners of the Company	**16,824**	23,324	22,475	19,662
Non-controlling interests	**–**	–	–	–
	16,824	23,324	22,475	19,662

ASSETS, LIABILITIES AND TOTAL EQUITY

	At 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**298,567**	187,080	98,560	102,570
Total liabilities	**(108,245)**	(103,617)	(53,421)	(60,106)
NET ASSETS	**190,322**	83,463	45,139	42,464
Attributable to:				
Owners of the Company	**190,322**	83,463	45,139	42,464
TOTAL EQUITY	**190,322**	83,463	45,139	42,464