Yield Go Holdings Ltd.
耀高控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code : 1796

Annual Report 2020

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-executive Directors

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

AUDIT COMMITTEE

Mr. Chan Ka Yu *(Chairman)*
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Leung Wai Lim *(Chairman)*
Mr. Chan Ka Yu
Mr. Lo Ki Chiu

NOMINATION COMMITTEE

Mr. Man Hoi Yuen *(Chairman)*
Mr. Chan Ka Yu
Mr. Leung Wai Lim

COMPANY SECRETARY

Mr. Siu Wing Kin

AUTHORISED REPRESENTATIVES

Mr. Ho Chi Hong
Mr. Siu Wing Kin

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 8, 39/F
Cable TV Tower
No. 9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower 1, Admiralty Center
18 Harcourt Road
Admiralty
Hong Kong

LEGAL ADVISER

As to Hong Kong Law

David Fong & Co.
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

Corporate Information

AUDITORS

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPANY'S WEBSITE

www.yield-go.com

STOCK CODE

1796

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 March 2020 (the "**Review Year**").

Amidst strong tensions between the United States ("**US**") and China in 2019, many markets have been suffering from various degrees of slowing economy, and the overall investment sentiment was deemed. China's already weakening economy took another hit in the first quarter of 2020 and shrank by 6.8%, after months of near-nationwide lockdown against the outbreak of novel coronavirus ("**COVID-19**") epidemic. While overshadowed by the China-US trade conflict, a series of events that happened in Hong Kong have worsened the local market situation, from Hong Kong's social unrest in summer 2019 to the life-threatening outbreak of COVID-19 epidemic towards the beginning of 2020.

In terms of Hong Kong's construction industry, it recorded the first decline since 2006. The data announced by the Census and Statistics Department indicates that the gross value of construction works performed by main contractors decreased by 6.2% as compared to that of 2018. According to the Transport and Housing Bureau, domestic unit completions shrank 31.3% to 14,421 units, which is the first drop accounted for during the past four years. Since the demand for fitting-out works relies either on the new building construction projects, or repair and maintenance works required for old buildings, such decline in completion of new buildings has restrained our industry from growing during the Review Year. These external factors are accounted for the difficulties our Group encountered during the Review Year.

Our Group is an established fitting-out contractor in Hong Kong with over 24 years of experience since the establishment of our principle operating subsidiaries, Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**"), in 1995. We supervise overall project management and implementation, whereas on-site labour-incentive works are outsourced to our trusted subcontractors who have been working with us for years.

For the Review Year, the Group's total revenue amounted to approximately HK$420.3 million, representing a decrease of approximately 37.2% as compared to that of the year ended 31 March 2019 ("**FY2019**"). Loss attributable to equity holders of the Company for the Review Year was approximately HK$8.0 million. Such loss was mainly attributable to the adoption of a more competitive pricing strategy by the Group in response to intense market competition, coupled with the increase in the overall construction costs due to the unexpected additional costs incurred for certain projects.

The world's economic growth was estimated to recoup to 3.4% in 2020 as International Monetary Fund stated in its World Economic Outlook in October 2019, three months before the WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern. Despite hopes for a possible global economic uptick that could still arise gradually once the outbreak of COVID-19 epidemic subsides, it is difficult to predict how long the current COVID-19 epidemic would last, and too early to tell how much damage it would cause. Our Group will move forward with caution to pessimistic business sentiments, and low investment intention in the midst of this uncertain and turbulent situation.

To conclude, I would like to express my sincere gratitude to the members of the Board and the management team for leading the Company another challenging year. Their dedication at work are accounted for the Company's development in the second fiscal year after the Company's shares (the "**Shares**") were listed on the stock exchange. We treasure all the possible opportunities and will continue to devote unremitting effort in maintaining reliable operational performances and implementing strategic plans in the coming year.

Man Hoi Yuen
Chairman and executive Director

Management Discussion and Analysis

INDUSTRY OVERVIEW

The contraction of the global economy was elevated by China-US trade dispute during the Review Year. It took a heavy toll on the economic sentiments amongst various markets. As the world's second-largest economy, China's GDP grew at 6.1% in 2019, which is the slowest growth since 1990.

Driven by the continuous demand for newly-completed commercial and residential buildings, infrastructure, and rising concerns of aged buildings' maintenance and redevelopment, Hong Kong's overall construction industry experienced stable growth in recent years. However, in 2019, it recorded the first decline in terms of gross output value since 2006. According to the Census and Statistics Department, the gross value of construction works in Hong Kong during 2019 amounted to approximately HK$236,438 million in the sum of board trade groups. As compared to 2018, it indicates a 6.2% decrease of gross value from on and off-site construction works, including private and public sector constructions, decoration, repair and maintenance etc. The market environment of Hong Kong construction industry affects the fitting-out industry development heavily, as fitting-out works are commonly demanded in commercial and residential construction projects. Therefore, the shrank of Hong Kong's construction industry implies the threat of dwindling number of projects available to contractors in the fitting-out market for the Review Year.

Although housing policy remains a prime focus of the Hong Kong government, a series of events that happened during 19/20 fiscal year in Hong Kong have hampered the growth of construction and fitting-out works industry. The social unrest since June 2019 impacted the local economic sentiment adversely, of which overall investment intention plummeted under a subdued social condition. From the social unrest to the current outbreak of COVID-19 epidemic, many construction and fitting-out projects were forced to halt. The epidemic made workers at the same site or unit work separately to prevent from getting infected or spreading the virus, which in turn has slowed down the work progress. While the industry was hard hit by the decrease in the number of projects, fitting out contractors and other construction sectors bare higher operating costs due to the project delays.

BUSINESS REVIEW AND OUTLOOK

The Group is an established fitting-out contractor in Hong Kong, with over 24 years of experience since the establishment of one of our principal operating subsidiaries, Hoi Sing Decoration in 1995. The Group's fitting-out services include both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works. Hoi Sing Decoration and Milieu Wooden Company Limited are registered under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Their services are mainly offered to residential and commercial properties in Hong Kong on a project basis. To a smaller extent, the Group also supplies fitting-out materials such as timber products upon customers' requests in Hong Kong.

The Group's sources of revenue are grouped into three categories: residential and non-residential fitting-out services, as well as a small business segment of supplying fitting-out materials. During the Review Year, the Group's revenue decreased by 37.2% to approximately HK$420.3 million (FY2019: HK$669.8 million). Such decrease is primarily attributable to (i) the decrease in the number of large-sized projects undertaken; (ii) the delay in certain projects as a result of the outbreak of COVID-19 epidemic during the Review Year; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the intense market competition during the Review Year.

Management Discussion and Analysis

Despite that the global trade tension has lessened as China and the US have reached consensus on the 'phase one' trade agreement, the Group expects the coming year to be more challenging. The outbreak of COVID-19 epidemic affecting most of the world's major economies, has been bringing uncertainties and risks to the global market. Logistics was delayed, and factories were closed temporarily. Due to the subsequent quarantine measures, our fittingout projects in Hong Kong have been adversely affected, and such influences might continue until COVID-19 epidemic was contained. The Group will be cautious about the volatile and challenging economic development in the next year.

FINANCIAL REVIEW

Revenue

During the Review Year, the Group's revenue decreased by approximately 37.2% to approximately HK$420.3 million (FY2019: approximately HK$669.8 million). Such decrease in revenue was primarily due to (i) the decrease in number of large-sized projects undertaken during the Review Year; (ii) the delay in certain projects as a result of the outbreak of COVID-19 epidemic during the Review Year; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the intense market competition during the Review Year.

Gross profit and gross profit margin

During the Review Year, the Group's gross profit decreased by approximately 85.8% to approximately HK$11.4 million (FY2019: approximately HK$80.4 million). Such decrease in gross profit was attributable to the decrease in the revenue as discussed above and the decrease in the Group's gross profit margin. Gross profit margin for the Review Year was approximately 2.7%, which lowered from approximately 12.0% of the FY2019. The decrease in the gross profit margin was mainly due to the adoption of a more competitive pricing strategy by the Group in response to intense market competition, coupled with the increase in the overall construction costs resulted from unexpected additional costs incurred for certain projects during the Review Year.

Other gains – net

The Group recorded other gains mainly included reversal of provision for expected credit loss ("**ECL**") allowance on contract assets and government grant for the Review Year of approximately HK$46,000 (FY2019: approximately HK$62,000). Such decrease in other gains was primarily due to the decrease in bank interest income during the Review Year.

Administrative expenses and other operating expenses

For the Review Year, the administrative expenses have decreased by approximately HK$15.4 million or approximately 47.4% compared to the FY2019, from approximately HK$32.5 million to approximately HK$17.1 million. The decrease was primarily due to the recognition of one-off listing expenses of approximately HK$16.9 million during the FY 2019 while no such expenses were recognised during the Review Year.

Management Discussion and Analysis

Finance costs

The Group recorded finance costs of approximately HK$2.2 million (FY2019: approximately HK$1.8 million) for the Review Year, which was a 22.2% increase primarily due to the increased use of banking facilities during the Review Year.

Income tax expense

For the Review Year, the income tax expense has decreased by approximately HK$10.1 million or approximately 99.0% compared to the FY2019, from approximately HK$10.2 million to approximately HK$0.1 million. Such decrease was due to the decrease in revenue and gross profit for the Review Year as discussed above.

Net (loss)/profit

For the Review Year, the Group's net loss was approximately HK$8.0 million, whereas FY2019 attainted approximately HK$36.0 million of net profit. Such change was mainly due to the decrease in revenue as well as with the unexpected direct costs as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Review Year, there has been no change in capital structure of the Group. As at 31 March 2020, the Company's issued capital was HK$4.8 million and the number of its issued ordinary shares of the Company (the "**Shares**") was 480,000,000 Shares of HK$0.01 each.

As at 31 March 2020, the Group had total cash and cash equivalents and restricted cash of approximately HK$28.3 million (FY2019: approximately HK$53.5 million). The decrease was due to the aggregate net cash used in operation, investing and financing activities of approximately HK$25.2 million.

The Group's gearing ratio, calculated as total borrowings (including total interest-bearing liabilities and amount due to a director) divided by the total equity, increased from approximately 11.7% as at 31 March 2019 to approximately 29.3% as at 31 March 2020. The increase was primarily due to increase in bank borrowings during the Review Year.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards it treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

Our Directors are aware that our Group is exposed to various risks and uncertainties. The following are the key risks and uncertainties faced by our Group:

Industry Risks

Some of our competitors may have more resources, longer operating histories, stronger relationship with customers and reputable brand names and therefore we may face competition from other existing and/or new contractors in the tender process for fitting-out projects. Due to the large number of competitors, we may face significant downward pricing pressure thereby reducing our profit margins. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. If we fail to maintain our competitiveness in the future, our business, financial condition and results of operation may be materially and adversely affected.

Compliance Risks

Many aspects of our business operation are governed by various laws and regulations and Government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of the requirements for qualification in the fitting-out industry in relation to environment protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected.

Our executive Directors would hold regular meetings to ensure our Group's operations in compliance with all applicable statutory requirements.

Uncertainties in Work Progress

We rely on the due and timely performance of our subcontractors for timely delivery of our works. If our subcontractors' performance are not up to standard, we may not be able to rectify the substandard works or engage another subcontractor in time or at all. We may also not be able to replace materials of inferior quality procured by our subcontractors in time or at all or unless at extra costs. Any material non-performance, delayed performance or substandard performance of our subcontractors could result in deterioration of our service quality or unexpected delays in our scheduled completion time or even our ability to complete our projects, which could in turn damage our reputation, and potentially expose us to liability under the main contracts with our customers.

Failure to Guarantee New Business

Our revenue is typically derived from projects which are non-recurring in nature and our customers are under no obligation to award projects to us. During the Review Year, we secured new businesses mainly through direct invitation for quotation or tender by customers. However, we were adversely affected by a range of social uncertainties, such as Hong Kong's social unrest to the COVID-19 epidemic during the Review Year. We cannot assure you that (i) we will be invited to provide quotations or participate in the tendering process for new projects; and (ii) our submitted quotations and tenders will be selected by customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that we fail to secure new contracts or there is a significant decrease in the number of tender/quotation invitations or contracts available for bidding in the future, our business, financial position and prospects may materially and adversely affected.

Management Discussion and Analysis

Our Directors believe that the public listing status will enhance our corporate profile and brand awareness among business stakeholders such as customers, contractors, project owners and government authorities. We believe that the public listing status will strengthen our internal control and corporate governance practices, which in turn would bolster our customers' and suppliers' confidence in us and attract potential new customers, as well as quality suppliers and subcontractors. Customers would tend to give preference to contractors who have a public listing status with good reputation, transparent financial disclosures and regulatory supervision. Our Directors believe that we will be able to maintain our competitiveness among the market leaders and differentiate ourselves from other competitors which are private companies during the tendering process, thus enhancing our success rate in securing sizeable projects.

PLEDGE OF ASSETS

As at the date of this report, all of the guarantees and securities for our bank borrowings had been released and the said bank borrowings are secured by the Company in the way of corporate guarantee.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure contracted for at the end of Review Year but not yet incurred is as follows:

	2020 **HK$'000**	2019 HK$'000
Property, plant and equipment	**184**	709

The Group had no material contingent liabilities as at 31 March 2020 (31 March 2019: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Review Year, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 December 2018 (the "**Prospectus**"), the Group did not have other future plans for material investments or capital assets during the Review Year.

USE OF PROCEEDS

The net proceeds received by the Group, after deducting related expenses, were approximately HK$89.4 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Such uses include: (i) payment for upfront costs; (ii) obtaining performance bond; (iii) repayment of bank borrowings; (iv) expansion of workforce; and (v) general working capital. Details of the use of the proceeds are listed as below:

	Planned use of proceeds	Actual usage up to 31 March 2020	Unutilised amounts as at 31 March 2020
	HK$'000	HK$'000	HK$'000
Payment for upfront costs	13,589	13,589	–
Obtaining performance bond	11,264	3,046	8,218
Repayment of bank borrowings	30,307	30,307	–
Expansion of workforce	32,363	12,506	19,857
General working capital	1,877	1,877	–
Total	89,400	61,325	28,075

As at 31 March 2020 and the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. For the Group's long term business development and a more appropriate utilisation of the unutilised proceeds, the Board resolved to change the use of unutilised proceeds as at 24 June 2020. For details, please refer to the announcement of change in use of proceeds of the Company dated 24 June 2020. The Directors expect that the unutilised proceeds will be utilised by 31 March 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group employed a total of 73 full-time employees (including three executive Directors but excluding three independent non-executive Directors) as compared to a total of 90 full-time employees as at 31 March 2019. The remuneration packages that the Group offers to employees including salary, discretionary 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 its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the Review Year was approximately HK$42.1 million compared to approximately HK$43.4 million in the FY2019.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

DIVIDENDS

The Board has resolved not to declare any annual dividend for the Review Year (FY2019: HKD8.00 cents per ordinary share).

DIVIDEND POLICY

The Board endeavors to strike a balance between the interests of the shareholder and prudent capital management with a sustainable dividend policy. In proposing any dividend payout, the Board shall take into consideration of, among others, the following factors:

1. operations and financial performance;
2. profitability;
3. business development;
4. prospects;
5. capital requirements;
6. economic outline; and
7. any other factors that the Board consider appropriate.

The Board will review the dividend policy as appropriate from time to time.

Biographical Details of the Directors and Senior Management

Biographical details of the Directors and senior management are set out as follows:

DIRECTORS

Executive Directors

Mr. Man Hoi Yuen (文海源) ("Mr. Man"), aged 58, was appointed as our Director on 9 May 2018, and re-designated as an executive Director on 7 June 2018. He was also appointed as chairman of our Board on 6 December 2018. He is mainly responsible for overall management, strategic development and major decision-making of our Group. Mr. Man is also the chairman of the nomination committee of our Board. Mr. Man is the spouse of Mrs. Man. Prior to founding Hoi Sing Decoration with Mrs. Man in 1995, Mr. Man worked for a construction company since 1982. As one of the founders of our Group, Mr. Man has over 24 years of experience in the fitting-out industry. Mr. Man is also one of the directors of each of Link Shing Holdings Ltd. ("**Link Shing**"), Hoi Sing Decoration, Hoi Sing Construction (H.K.) Limited ("**Hoi Shing Construction**"), Chun Shing Development Co., Limited ("**Chun Shing Development**") and Milieu Wooden Company Limited ("**Milieu**"). Mr. Man attended secondary education.

Mr. Man has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Man is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

Save for currently being an executive Director, Mr. Man has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. As at 31 March 2020, he was interested in 360,000,000 Shares held through Hoi Lang Holdings Ltd. ("**Hoi Lang**") (representing 75% of the aggregate number of Shares in issue). Save as disclosed above, Mr. Man was not interested in any Shares within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as at 31 March 2020. Save as disclosed above, Mr. Man does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Ms. Ng Yuen Chun (吳婉珍) ("Mrs. Man"), aged 54, was appointed as our Director on 9 May 2018 and was re-designated as an executive Director on 7 June 2018. She is mainly responsible for overall management and overseeing administrative matters of our Group. Mrs. Man is one of the founders of our Group and the spouse of Mr. Man. Mrs. Man attended secondary education. Mrs. Man co-established Hoi Sing Decoration with Mr. Man in 1995 and has over 24 years of experience in the fitting-out industry. Mrs. Man is also one of the directors of each of Link Shing, Hoi Sing Decoration, Hoi Sing Construction, Chun Shing Development and Milieu.

Mrs. Man has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mrs. Man is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and she is also entitled to a discretionary bonus with reference to her performance and the operating results of the Group.

Save for currently being an executive Director, Mrs. Man has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. As at 31 March 2020, she was interested in 360,000,000 Shares held through Hoi Lang (representing 75% of the aggregate number of Shares in issue). Save as disclosed above, Mrs. Man was not interested in any Shares within the meaning of Part XV of the SFO as at 31 March 2020. Save as disclosed above, Mrs. Man does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Biographical Details of the Directors and Senior Management

Mr. Ho Chi Hong (何志康) ("Mr. Ho"), aged 44, was appointed as our Director on 9 May 2018 and was re-designated as an executive Director on 7 June 2018. He is also our chief executive officer and mainly responsible for overseeing the tendering activities and participating in the day-to-day operation and management of our Group. Mr. Ho became one of the shareholders of Hoi Sing Decoration in August 2014 and one of the directors of Hoi Sing Decoration since October 2014.

Mr. Ho obtained a degree of Bachelor of Science in Quantity Surveying from the University of Greenwich in the United Kingdom in July 1998. Mr. Ho has accumulated about 21 years of experience in the construction industry. Prior to joining our Group in May 2001, he was an assistant quantity surveyor in Hoo Cheong Building Construction Co., Ltd. from July 1998 to March 2001.

Mr. Ho has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Ho is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

Save for currently being an executive Director, Mr. Ho has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Save as disclosed above, Mr. Ho was not interested in any Shares within the meaning of Part XV of the SFO as at 31 March 2020. Save as disclosed above, Mr. Ho does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Independent Non-Executive Directors

Mr. Chan Ka Yu (陳家宇) ("Mr. Chan"), aged 41, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is the chairman of our audit committee, and a member of each of our remuneration committee and nomination committee.

Mr. Chan has over 10 years of professional accounting and financial reporting experience. From July 2004 to July 2007, Mr. Chan worked as an accountant at Kam & Cheung Certified Public Accountants. From July 2007 to August 2010, he was a senior auditor at World Link CPA Limited. From September 2010 to April 2012, he worked at BDO Limited (which was formerly known as JBPB & Company), initially as a senior accountant and subsequently promoted as a senior associate. From May 2012 to April 2013, Mr. Chan was an investor relations officer at Fantasia Group (China) Company Limited, a subsidiary of Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司) (stock code: 1777), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Since June 2013, he has been working as the chief financial officer of CEFC Hong Kong Financial Investment Company Limited (香港華信金融投資有限公司) (formerly known as Runway Global Holdings Company Limited (時尚環球控股有限公司)) (stock code: 1520), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan currently is an independent non-executive director of Dragon Rise Group Holdings Limited (龍昇集團控股有限公司) (stock code: 6829) and TS Wonders Holding Limited (stock code: 1767), both shares of which are listed on the Main Board of the Stock Exchange.

Biographical Details of the Directors and Senior Management

Mr. Chan obtained a degree of Bachelor of Commerce in Accounting from Hong Kong Shue Yan University in October 2009. He is a member of The Hong Kong Institute of Certified Public Accountants since March 2009.

Mr. Chan has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Chan has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Mr. Lo Ki Chiu (盧其釗) ("Mr. Lo"), aged 35, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is a member of each of our remuneration committee and audit committee.

Mr. Lo is currently the managing director of Wealth Property Agency Limited, which he joined in December 2007 first as an account executive. Mr. Lo was a guest lecturer of The Education University of Hong Kong from January 2017 to June 2017. He was also a part-time instructor and an assistant instructor of the Lingnan Institute of Further Education, Lingnan University from February 2017 to June 2017 and from September 2012 to August 2013, respectively. Mr. Lo was an independent non-executive director of Wang Yang Holdings Limited (泓盈控股有限公司) (currently known as Central Holdings Group Co. Ltd. (中環控股集團有限公司)) (stock code: 1735), the shares of which are listed on the Main Board of the Stock Exchange, from March 2018 to October 2019.

Mr. Lo obtained a degree of Bachelor of Arts in Physical Education and Recreation Management from the Hong Kong Baptist University in November 2007, as well as a degree of Master of Science in International Banking and Finance, a degree of Master of Philosophy in Economics from the Lingnan University in October 2009 and October 2011 and a degree of Doctor of Philosophy in the Hong Kong Baptist University in November 2019, respectively. Mr. Lo is a PhD candidate majoring in Physical Education in the Hong Kong Baptist University which was approved in September 2015.

Mr. Lo has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Lo has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Biographical Details of the Directors and Senior Management

Mr. Leung Wai Lim (梁唯廉) ("Mr. Leung"), aged 47, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is the chairman of our remuneration committee, and a member of each of our audit committee and nomination committee.

Mr. Leung is an adjudicator appointed to the Panel of Adjudicators (Control of Obscene and Indecent Articles) (established under the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)) and a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong.

Mr. Leung has over 18 years of law related working experience. Mr. Leung was employed by DLA Piper Hong Kong from February 2001 to April 2009 at which his last position was partner. He was then employed by Eversheds Hong Kong from May 2009 to April 2015 at which his last position was partner. Since May 2015 up to the present, Mr. Leung has been a partner of Howse Williams Bowers. Mr. Leung is currently an independent non-executive director of Shun Wo Group Holdings Limited (汛和集團控股有限公司) (stock code: 1591) and China New Economy Fund Limited (中國新經濟投資有限公司) (stock code: 80), both shares of which are listed on the Main Board of the Stock Exchange.

Mr. Leung obtained a degree of Bachelor of Laws from University of Wales in the United Kingdom in July 1995. Mr. Leung was admitted to practice law as a solicitor in Hong Kong in August 1999 and in England and Wales in April 2001.

Mr. Leung has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Leung has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51(2)(a) to (e) and (g) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Review Year. The Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

Biographical Details of the Directors and Senior Management

Senior Management

Mr. Siu Wing Kin (蕭永健) ("Mr. Siu"), aged 49, joined our Group in November 2017 and is our company secretary and financial controller. Mr. Siu is mainly responsible for overall management of financial matters and company secretarial matters of our Group. Mr. Siu has over 24 years of audit, accounting and financial management experience. Mr. Siu obtained a degree of Bachelor of Economics (major in accounting) from The University of Sydney in Australia in June 1996. He is also a member of The Hong Kong Institute of Certified Public Accountants.

From July 1996 to July 2001, Mr. Siu worked for S.N. Tsang & Co., at which his last position was audit manager. Mr. Siu joined Mayor Packaging Enterprises (1968) Ltd. as a finance and administration manager from June 2001 to January 2005. He then joined CCT Telecom (HK) Limited as a finance manager from August 2006 to October 2008. He worked for Hayco (Hong Kong) Limited as a finance manager from May 2013 to June 2014. From September 2014 to October 2017, Mr. Siu worked for Mega Precision Technology Limited at which his last position was deputy chief operation officer.

Ms. Cheung Lai Yi (張麗儀) ("Ms. Cheung"), aged 46, joined our Group in November 1997 and is our administration and account manager. Ms. Cheung is mainly responsible for overall management of human resources and administrative matters of our Group. She has over 21 years of administrative experience. Ms. Cheung attended secondary education. Prior to joining our Group, Ms. Cheung worked as a QA inspector in AST Research (Far East) Limited from November 1994 to January 1996.

Corporate Governance Report

The Group recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise our shareholder's value.

The Company has applied the principles of and complied with the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. 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. During the Review Year and up to the date of this report, the Company has complied with all the applicable Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the Review Year and up to the date of this report.

THE BOARD

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. As at the date of this report, the Board is chaired by Mr. Man Hoi Yuen and comprised of six members including three executive Directors and three independent non-executive Directors.

Biographical details of the Directors and relationship between Board members are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Executive Directors:

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-Executive Directors:

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Mr. Man Hoi Yuen is the chairman and Mr. Ho Chi Hong is the chief executive officer. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

Corporate Governance Report

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The summary of the Board Diversity Policy is disclosed as below:

- the Company recognises the benefits of having a diverse Board to enhance the quality and effectiveness of the Board;
- in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board;
- the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board; and
- the nomination committee of the Board will report on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, review the Board Diversity Policy to ensure effectiveness and recommend for any revisions to the Board for consideration and approval.

Independent Non-Executive Directors

The independent non-executive Directors have been appointed by the Company for a fixed term of three years commencing from 31 December 2018. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contributions to the Company.

Throughout the Review Year, the Company had three independent non-executive Directors, meeting the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company is of the view that all independent non-executive Directors are independent in accordance with the relevant requirements under the Listing Rules.

Appointment, Re-Election and Removal of Directors

Each of the Directors has entered into a service agreement or a letter of appointment with the Company for a specific term and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the amended and restated memorandum and articles of association (the "**Restated Articles**").

In accordance with article 84 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84 of the Restated Articles, Mr. Man Hoi Yuen and Mr. Chan Ka Yu will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Role and Responsibilities

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Company's business has been delegated to management under the leadership of the chief executive officer of the Company.

The principal roles of the Board are:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor of internal control and risk management; and
- declare and recommend the payments of dividends.

Corporate Governance Report

No corporate governance committee has been established and the Board is responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the corporate governance report.

Directors' Insurance

The Company has arranged appropriate insurance coverage for all Directors in relation to the discharge of their responsibilities.

Directors' Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and/or reading relevant material on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. The above training costs are borne by the Company.

The Directors are required to provide the Company with details of the training's records. Training records of each Director received for the Review Year are summarised below:

	Type of trainings
Mr. Man Hoi Yuen	B
Ms. Ng Yuen Chun	B
Mr. Ho Chi Hong	B
Mr. Chan Ka Yu	A and B
Mr. Lo Ki Chiu	B
Mr. Leung Wai Lim	A and B

A: attending seminars/conferences/forums

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

Corporate Governance Report

Meetings and Attendance

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least 3 days before the intended date of the Board meeting, or such other period as agreed.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary and are allowed to seek external professional advice if needed.

During the Review Year, the Board held 6 meetings and 1 general meeting. The attendance record of each member of the Board is set out below:

	Board meeting attended/ Meeting convened	**General meeting attended/ Meeting convened**
Mr. Man Hoi Yuen	6/6	1/1
Ms. Ng Yuen Chun	6/6	1/1
Mr. Ho Chi Hong	6/6	1/1
Mr. Chan Ka Yu	6/6	1/1
Mr. Lo Ki Chiu	6/6	1/1
Mr. Leung Wai Lim	6/6	1/1

Corporate Governance Report

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three Board committees to oversee specific aspects of the Company's affairs, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). Each Board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each Board committee has been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the CG Code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to our Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of our financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing our financial controls, internal control and risk management systems.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim. Mr. Chan Ka Yu is the chairman of the Audit Committee.

During the Review Year, the Audit Committee held 3 meetings and the attendance record of each member of the Audit Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Chan Ka Yu *(Chairman)*	3/3
Mr. Lo Ki Chiu	3/3
Mr. Leung Wai Lim	3/3

The following is a summary of the work performed by the Audit Committee for the Review Year:

- reviewed the annual results of the Group for the year ended 31 March 2019 and the interim report of the Group for the six months ended 30 September 2019;
- reviewed the Group's financial information, financial report system, risk management and internal control procedures;
- reviewed the Company's auditors' independence and objective;
- made recommendations to the Board on the re-appointment of the Company's external auditors;
- reviewed the Company's external auditors' management letter, significant findings and recommendations;

- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- reviewed and discussed the reports from the Company's external consultant with the management; and

- met with the Company's external auditors, in the absence of the management.

There had been no disagreement between the Board and the Audit Committee during the Review Year and up to the date of this report.

Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with the CG Code. The primary roles of the Remuneration Committee include, but are not limited to, (a) making recommendations to our Board on our policy and structure for the remuneration of all of our Directors and senior management personnel and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving our management's remuneration proposals with reference to our Board's corporate goals and objectives; and (c) making recommendations to our Board on the remuneration of non-executive Directors.

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Leung Wai Lim, Mr. Chan Ka Yu and Mr. Lo Ki Chiu. Mr. Leung Wai Lim is the chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
HK$nil–HK$1,000,000	3
HK$1,000,001–HK$2,000,000	0

Further details of the Directors' and chief executives' emoluments and the five highest paid individuals is set out in notes 12 and 13 to the consolidated financial statements.

During the Review Year, the Remuneration Committee held one meeting and the attendance record of each member of the Remuneration Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Leung Wai Lim *(Chairman)*	1/1
Mr. Chan Ka Yu	1/1
Mr. Lo Ki Chiu	1/1

The following is a summary of the work performed by the Remuneration Committee during the Review Year:

- considered the remuneration paid to Directors and senior management with reference to their responsibilities, workload, the time devoted and the performance of the Group, as well as remuneration paid by other comparable listed companies;
- reviewed and made recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board; and
- made recommendations to the Board on the remuneration of independent non-executive Directors.

Nomination Committee

The Company established a Nomination Committee with written terms of reference in compliance with the CG Code. The primary roles of the Nomination Committee include, but are not limited to, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become our Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; and (c) assessing the independence of our independent non-executive Directors.

The Nomination Committee consists of an executive Director, namely Mr. Man Hoi Yuen and two independent non-executive Directors, namely Mr. Chan Ka Yu and Mr. Leung Wai Lim. Mr. Man Hoi Yuen is the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting and the attendance record of each member of the Nomination Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Man Hoi Yuen *(Chairman)*	1/1
Mr. Chan Ka Yu	1/1
Mr. Leung Wai Lim	1/1

The Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives and had monitored the implementation of the Board Diversity Policy.

The Company has adopted a nomination policy which sets out the nomination procedures for selecting candidates for election as Directors. Such policy is adopted by the Board and managed by the Nomination Committee. The Nomination Committee shall review the curriculum vitae to assess whether the potential candidate is 'fit and proper' for the appointment and can meet the requirements of relevant rules and regulations before recommendation is made to the Board.

The Nomination Committee had also recommended to re-elect Mr. Man Hoi Yuen and Mr. Chan Ka Yu as Directors at the forthcoming annual general meeting of the Company.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The auditors' reporting responsibilities are set out in the section headed "Independent Auditor's Report" in this report.

AUDITORS' REMUNERATION

For the Review Year, the fee paid/payable to Grant Thornton Hong Kong Limited by the Group is set out as follows:

	HK$
Audit services	450,000
Non-audit services	200,000

The amount of fee incurred for the non-audit services represented HK$200,000 of the service fee paid to Grant Thornton Hong Kong Limited in relation to the review of financial information. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting its responsibility, the departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. The management then reviewed the findings and summarised all material issues to the Board and the Audit Committee annually.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify, monitor, report and follow up on risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Although the Company does not have internal audit function, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Company had engaged CT Partners Consultants Limited ("**CT Partners**") to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Company also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Company has appointed Mr. Siu Wing Kin, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Mr. Siu has confirmed that for the Review Year, he has taken no less than 15 hours of professional training to upgrade his skills and knowledge. The biography of Mr. Siu is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to article 58 of the Restated Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholder holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary of the Company by mail at Unit 8, 39/F, Cable TV Tower, No.9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meeting

There are no provisions in the Restated 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 "Procedures for Convening General Meetings by Shareholders".

Pursuant to article 85 of the Restated Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Procedures by which Enquiries may be Put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporation Information" in this report.

Corporate Governance Report

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community, the Company has established a shareholders' communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.yield-go.com).

In addition, the Company regards the annual general meeting as the primary forum for communication by the Company with its shareholders and for shareholder participation. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

The 2020 annual general meeting will be held on Monday, 31 August 2020, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Review Year, there had been no significant changes in the constitutional documents of the Company.

Environmental, Social and Governance Report

NATURE AND SCOPE OF THE REPORT

The Group is a long-established fitting-out contractor in Hong Kong with over 24 years of experience since the establishment of its first business entity, Hoi Sing Decoration. The Group understands the importance of being responsible for the impacts of our business operation in the discipline of environment, social, and governance. Along with our business development and growth, the Group values our commitment to society and makes every effort in achieving corporate social responsibilities in pursuing a sustainable business model. The Group is pleased to present the Environmental, Social and Governance Report (the "**Report**") to present our performance in maintaining sustainable development through compliance and implementation of relevant internal policies.

The Report was compiled in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules ("**ESG Reporting Guide**"). It comprises information and data on the material environmental and social issues relevant to the Group's principal business of fitting-out works for the Review Year as well as those for the FY2019 for comparison purposes, which involves operational processes such as:

- Ceiling works;
- Metal and glass works;
- Installation of built-in furniture, timber flooring, kitchen cabinetries, timber doors;
- Surveying and administration.

The Group acts as a project manager and principal coordination in projects, which we strategically subcontract on-site labour-intensive works to subcontractors. We are in charge of every stage of a project, from project planning to coordinate, monitoring and supervising on project progress and budget, and monitoring rectification of defects during defects liability period. Due to the nature of our role, energy and resource consumption contributed by our business operation are mainly from office activity and use of vehicles.

Collection of data and compilation of the Report have been confirmed and approved by the Board and the management of the Group. We would like to acknowledge our employees and external parties for their assistance in preparing the Report and welcome stakeholders for feedback and suggestions on our approach in achieving sustainable development.

OUR ENVIRONMENTAL POLICY

Emissions and Use of Resources

The Group complies with relevant laws and makes its greatest effort in protecting the environment during business development. We are conscious of every decision made in our business, such as project planning, subcontracting work, and purchasing raw material, in an attempt to minimise unnecessary use of resources so as the emissions from that. Direct and indirect greenhouse gas emission, mainly including carbon dioxide (CO_2), Methane (CH_4), and Nitrous oxide (N_2O) was attributable to electricity consumption at office and material transportation in daily operation and calculated and presented in the form of carbon dioxide equivalent. Due to limitations in recording all usages and emissions of operational activities conducted at project sites, the following demonstrates the consumption data recorded from our office activities and relevant transportation.

The tables below indicate the total emissions and use of resources recorded during the Review Year. For the Review Year, the Group's paper consumption slightly increased to 958 kilogrammes as compared to the FY2019. Since we expanded our office during the Review Year, we expected an increase in electricity consumption which in turn contributed to the greater greenhouse gas emissions. Moreover, our growing needs for vehicle usage could partially explain the increase in carbon emissions along with the greater fuel consumption. In consideration of the balance between business achievements and energy efficiency, the Group will continue to monitor and revise our operational plans in order to further minimise emissions in the future.

	For the year ended 31 March			
	2020		2019	
	Key emissions	Key emissions intensity (per million dollars of revenue)	Key emissions	Key emissions intensity (per million dollars of revenue)
Total greenhouse gas emissions (kg in CO_2 equivalent)	**36,150**	**86.011**	23,196	34.631
NO_X (g)	**104**	**0.248**	84	0.125
SO_X (g)	**43**	**0.103**	37	0.055
PM (g)	**8**	**0.018**	6	0.009

	For the year ended 31 March			
	2020		2019	
	Resources Usage	Usage intensity (per million dollars of revenue)	Resources Usage	Usage intensity (per million dollars of revenue)
Electricity from CLP (kwh)	**37,377**	**88.929**	26,073	38.927
Paper (kg)	**958**	**2.279**	925	1.381

In an effort to environmental protection, the Group's internal guidelines encourage our staff to minimise unnecessary electricity and water consumption, and reduce waste at source such as paper recycling and reducing paper packaging. Reminders, including posters and infographics, are put up at the workplace to motivate energy-smart amongst our employees. Since furniture and fixtures are usually made-to-order, waste generated by works done on-site is usually non-material. Besides, the project management team of the Group is required to select and supervise subcontractors' compliance with rules of fitting-out works, which includes a range of measures:

- Noise control – draw up working hours (especially with heavy machinery) to lie within legal hours and use noise reduction tools if applicable

- Use of green building materials – recommend the use of recycled material for walls, windows, doors, carpets etc. and chemicals with lower levels of pollutants

- Indoor air quality – isolate areas involved in works causing a high concentration of dust and maintain proper ventilation

- Waste reduction and disposal – reuse building tools and instruct appropriate waste disposal, and forbid any form of illegal depositing and dumping of construction waste

- Water consumption reduction on-site – subcontractors are reminded to close all taps after use, even though the water consumption involved in fitting-out work is insignificant

During the Review Year, the Group encountered no issue in sourcing water that is fit for purpose and the Group's operations did not involve any use of packaging materials on site.

During the Review Year, the Group has strictly complied with relevant environmental laws and regulations in all material aspects. The Group is not aware of any non-compliance incident in relation to air pollutants and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environment and Natural Resources

Apart from energy consumption and use of resources disclosed above, the Group's chief operation did not produce other direct and significant impacts on natural resources nor generate waste to the environment. The Group will continue to be observant of the aforementioned impacts and strive for the best practices in reducing our environmental footprint.

EMPLOYMENT PRACTICES

In consideration of our employees' rights and benefits, the Group follows all legal regulations and has executed a series of internal policies that were set out by our human resource department. First and foremost, the Group prohibits any recruitment of child labour, forced labour nor black-market labour, where only licensed and qualified applicants would be considered during our recruitment process. In accordance with the employment law in Hong Kong, employees of the Group are covered by Minimum Wage Ordinance (Chapter 608 of the Law of Hong Kong); Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong); and other relevant regulations such as statutory holidays, reasonable working hours, sufficient rest days payroll, and leave to dismissal.

The Group began the Review Year with 90 employees, concluded it with 73 employees at year-end, which covers 23 recruits and 40 resignees. Detailed categorisation of full-time employees is laid out below:

	For the year ended	
	31 March 2020	31 March 2019
By Job Function		
Management	**16**	23
Administration	**15**	13
Technicians	**0**	0
Supervisors	**33**	45
Others (Janitorial)	**9**	9
By Gender		
Male	**51**	64
Female	**22**	26
By Age Group		
≤30	**21**	28
30–40	**20**	24
40–50	**24**	25
50–60	**7**	12
≥60	**1**	1
By Employment Location		
Hong Kong	**73**	90
Total	**73**	90

Equal Opportunities

The Group aims to enhance the well-being and development of our employees and treats all employees on an equal footing. The Group is firmly against any form of discrimination in age, disability, race, religion, gender, and sexual orientation, where none of these factors are considered before personal merit and competence in neither our evaluation for employment, promotion opportunities, nor remuneration. Relevant training are also provided to cater to the different needs of our employees in various roles. More about development and training will be explained further in the below section.

Remuneration and Benefits

We value our employees as the greatest asset of the Group and believe that the more work satisfaction, the higher motivation they have at work. Therefore, remuneration in terms of salary and benefits is adjusted according to regular performance appraisals. Besides, all employees enjoy statutory holidays and sufficient rest days.

HEALTH AND SAFETY

The Group has established a range of standard policies applied to fitting-out projects management, which are updated to the latest safety regulations and industry guidelines annually. On a project-by-project basis, our team validates required licenses and has acquired approval for scaffolding structures, whist all the workers and subcontractors are covered by insurances to ensure a sound foundation and complete legality. The Group has also commissioned an independent third party to inspect and review our safety standards for any possible improvement. Although the roles of our full-time employees usually do not involve occupational hazards as they do not work at construction sites, the Group focuses on ameliorating safety standards at the workplace such as fatigue prevention to ensure our staff is educated with risk awareness.

DEVELOPMENT AND TRAINING

The Group places great emphasis on developing our employees' professional knowledge, especially on safety knowledge as subcontractors face a relatively high risk at the workplace. During the Review Year, training and seminars were organised to ensure our staff is educated and aware of preventive knowledge and protective skills at the construction sites, which included:

- Working under the Very Hot Weather Warning
- Electrical safety
- On-site fire safety
- Use of electrical hand tools
- Work at height safety
- Manual handling operation safety
- Pre and post work safety
- Personal Protective Equipment (PPE)

OPERATING PRACTICES

Supplier and Subcontractor Management

As mentioned above, our staff is required to follow a range of workflow standards to keep an eye on the integrity of all subcontracted projects, while material suppliers are added to our approved suppliers' list only after passing our investigation. Both potential and approved suppliers are reviewed and updated from time to time for the best business decision. The criteria of such evaluation cover: (i) price; (ii) product quality; (iii) punctuality in delivery; and (iv) past business relationship, etc. Besides, the Group generally maintains multiple materials suppliers to avoid over-reliance. Most of the projects are based on individual quotations with no long-term supply agreements.

PRODUCT RESPONSIBILITY

Defects Liability Period

Depending on the terms, our contracts generally include a defects liability period of 12 to 18 months beyond the agreed completion date with rectification provision. During the Review Year, the Group received no significant complaint or claim from customers in the relevant defects liability period and the cost incurred for remedying defective works was not material.

Retention Money

Some of the Group's fitting-out contracts allow customers to retain part of their payment as retention money; for instance, 50% of the total payment is released upon completion of projects and the remaining is released upon the end of the defects liability period. The Group records such outstanding payment in the books as retention receivables.

Customers' Information Privacy

Adhering to the Personal Data (Privacy) Ordinance of Hong Kong, all personal data collected by the Group is confidential and for internal use only. Customer information of each project is only handled by responsible team members, and the designated person of each project is the gatekeeper of customer or project information so as to keep circulation within internal communications and for commercial use only. Their information would be shared with third parties only when permission is granted from the customer. Highly confidential information must be stored properly and encrypted in our system.

ANTI-CORRUPTION

Upholding a high standard of corporate governance, the Group put efforts fighting against corruption and strictly abides by the Prevention of Bribery Ordinance in Hong Kong to maintain fairness in our business and market integrity. The responsible committee of the Group oversees compliance with our anti-corruption programme, which is formulated and regularly updated in accordance with relevant and applicable laws and regulations. The committee also monitors internal audits and review, and ascertains the independence of parties with conflict of interest. To encourage effective scrutiny, an anonymous reporting channel for unethical behaviour is provided to informants.

The Group has recorded no incidents or reports on bribery, extortion, corruption, fraud, and money laundering during the Review Year.

COMMUNITY INVOLVEMENT

The Group sees paramount importance of connecting with the local community and giving back to society as its social responsibility. As such, we are an active participant of charitable events and we encourage our staff to take voluntary works on their own too. For instance, in July 2019, the Group was one of the sponsors for a charitable Cantonese performance (慈善弦歌會知音) giving free tickets to the local elderlies; and in March 2020, during the COVID-19 epidemic, the Group donated face masks to Peiho Counterparts for giveaway to the needy. We hope our community involvement could help people in need, especially during such a difficult time in Hong Kong.

Directors' Report

The Board is pleased to submit this annual report together with the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, the principal activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 50 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 5 to 11 in this report.

SHARE CAPITAL

Details of movement in the share capital of the Company during the Review Year are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Review Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 52 in this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2020, calculated under the Companies Law of Cayman Islands amounted to approximately HK$82.6 million.

FINAL DIVIDEND

The Board has reserved not to recommend the declaration of a final dividend for the Review Year (FY2019: HK8.00 cents per ordinary share).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Review Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Review Year are set out in note 15 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 17 to 28 in this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group makes best effort in protecting the environment during daily operation and by making conscious decisions when projects undertaking. Our Group's internal guidelines detail the reuse and recycling of resources such as paper and the minimisation of electricity and water consumption as means of environmental protection. Externally, waste generated by works done on site is usually not material. Our Group's project management team would select and thereafter supervise subcontractors' compliance with fitting-out works rules for each project in several aspects including but not limited to (i) noise control; (ii) use of green building materials; (iii) indoor air quality; and (iv) waste reduction and disposal.

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with relevant environmental laws and regulations by our Group that has material impact on the business and operation of our Group.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by our Group that has material impact on the business and operation of our Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Employees

We generally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and ensure that the employees appointed are qualified and competent to carry out their duties. We may remunerate our employees with a fixed salary and a discretionary bonus based on our Group's performance. Our employees' benefits also include a grant to fund further education which aims at enhancing our employees' personal development or equipping them with necessary knowledge and skills to perform their job duties. Our ability to attract, retain and motivate qualified personnel is critical to our success. We believe that we are able to attract, retain and motivate qualified personnel by offering competitive remuneration and benefits. With a compact team of energetic employees, we endeavour to provide services that exceed our customers' expectations, which we believe will help us secure new opportunities.

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more work projects from other customers. Our business relationship with major customers, industry experience and proven track record are essential to our major customers to ensure that we are capable of completing their projects on time and in accordance with their requirements. With our presence in the fitting-out industry, our Directors believe that we are able to extend our services to other customers.

Going forward, our management will continue to capture emerging business opportunities and focus on projects on a selective and prudent basis which are profitable and sizeable in nature to maximise benefits to our Group as a whole.

Suppliers and Sub-contractors

The Group has developed stable and strong working relationships with suppliers and sub-contractors to meet the Group's customers' needs in an effective and efficient manner. Our fitting-out projects are monitored by a project management team which is responsible for the overall quality assurance of the project. Our project management team in each project generally conducts regular on-site inspections and arranges for regular meetings with our subcontractors, to ensure sufficient resources are allocated for each project, and that the works executed at each stage meet the requirements of our customers.

ANNUAL GENERAL MEETING ("AGM")

The 2020 AGM will be held on Monday, 31 August 2020. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 26 August 2020 to Monday, 31 August 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Tuesday, 25 August 2020.

Directors' Report

DIRECTORS

The Directors during the Review Year and up to the date of this report are:

Executive Directors:

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-Executive Directors:

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

In accordance with article 84 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84 of the Restated Articles, Mr. Man Hoi Yuen and Mr. Chan Ka Yu will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Details of Director's service contracts are set out in the section headed "Biographical Details of the Directors and Senior Management" on page 12 to 16 in this report.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

Neither the Directors, 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 during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Directors' Report

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders and the executive Directors has made an annual declaration to the Company that he/she/it has complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders and executive Directors with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 104 in this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Review Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted or at any time during the Review Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Review Year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 12 to 16 in this report.

EMOLUMENT POLICY FOR DIRECTORS

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The Remuneration Committee recommends Directors' remuneration to the Board by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and chief executives' emoluments and the five highest paid individuals are set in note 12 and 13 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2020, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO, which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

Long Position in Our Shares

Name of Director	Capacity/Nature of interest	Number of Shares held [(1)]	Percentage of shareholding
Mr. Man Hoi Yuen[(2)]	Interest in a controlled corporation	360,000,000 (L)	75%
Ms. Ng Yuen Chun[(3)]	Interest of spouse	360,000,000 (L)	75%

Notes:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) Hoi Lang Holdings Ltd. held 75% of the total issued share capital of our Company and Hoi Lang Holdings Ltd. was in turn owned by Mr. Man Hoi Yuen (our executive Director and our chairman), Ms. Ng Yuen Chun (our executive Director) and Mr. Ho Chi Hong (our executive Director and our chief executive officer) as to 50%, 30% and 20%, respectively.

(3) Ms. Ng Yuen Chun is the spouse of Mr. Man Hoi Yuen. Therefore, Ms. Ng Yuen Chun and Mr. Man Hoi Yuen are deemed or taken to be interested in the Shares held by Hoi Lang Holdings Ltd under the SFO.

Long Position in the Shares of Associated Corporation

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held in the associated corporation (1)	Percentage of shareholding
Mr. Man Hoi Yuen	Hoi Lang Holdings Ltd.	Beneficial owner	50 shares (L)	50%
Ms. Ng Yuen Chun	Hoi Lang Holdings Ltd.	Beneficial owner	30 shares (L)	30%
Mr. Ho Chi Hong	Hoi Lang Holdings Ltd.	Beneficial owner	20 shares (L)	20%

Note:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in the shares of the relevant associated corporation.

Save as disclosed above, as at 31 March 2020, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2020, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fell 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, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held (1)	Percentage of shareholding
Hoi Lang Holdings Ltd.(2)	Beneficial owner	360,000,000 (L)	75%

Notes:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) Hoi Lang Holdings Ltd. held 75% of the total issued share capital of our Company and Hoi Lang Holdings Ltd. was in turn owned by Mr. Man Hoi Yuen (our executive Director and chairman of our Board), Ms. Ng Yuen Chun (our executive Director) and Mr. Ho Chi Hong (our executive Director and chief executive officer) as to 50%, 30% and 20%, respectively.

Save as disclosed above, as at 31 March 2020, so far as the Directors were aware, none of the persons (other than the Directors or chief executives of the Company) had, or was deemed to have interests or short positions in the Shares and underlying Shares which were required to be recorded in the register of interests kept by the Company pursuant to section 336 of the SFO, and which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 48,000,000 Shares (representing 10% of the Shares in issue as at the date of this report), unless otherwise approved by the shareholders of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 6 December 2018, and there is no outstanding share option as at 31 March 2020.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases for the Review Year attributable to the Group' major customers and suppliers are as follow:

Sales

– the largest customer	63.2% (FY2019: 72.3%)
– five largest customers	96.0% (FY2019: 93.9%)

Purchases

– the largest supplier	15.4% (FY2019: 16.5%)
– five largest suppliers	54.3% (FY2019: 61.4%)

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTIES TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are set out in note 32 to the consolidated financial statements. One related parties transaction constituted exempted continuing connected transactions as a de minimis transaction under Rule 14A.76(1)(c) of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 14 to the consolidated financial statements.

Directors' Report

USE OF PROCEEDS

The details of the use of proceeds for the Review Year is set out in the section headed "Management Discussion and Analysis" on page 10 in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Review Year and up to the date of this report.

CONTINUING CONNECTED TRANSACTION

During the Review Year, the Group had a continuing connected transaction, details of which are set out below:

Headquarter Office Tenancy Agreement

On 19 September 2018, a tenancy agreement (the "**Headquarter Office Tenancy Agreement**") was entered into between Hoi Sing Holdings (HK) Limited ("**Hoi Sing Holdings**") as landlord, and our Company as tenant, under which Hoi Sing Holdings agreed to lease Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong with a gross floor area of 2,755 sq.ft., for a term ending on 31 March 2021 to our Company for office use. Pursuant to the Headquarter Office Tenancy Agreement, the monthly rental payable to Hoi Sing Holdings shall be in the sum of HK$44,000 (exclusive of government rent, management fees and other utilities outgoings which are payable by our Group). The term of the Headquarter Office Tenancy Agreement may be renewed as the parties thereto mutually agree.

For the Review Year, the aggregate rentals paid to Hoi Sing Holdings under the Headquarter Office Tenancy Agreement was approximately HK$528,000.

Hoi Sing Holdings principally engages in property investment. As at 31 March 2020, Hoi Sing Holdings is directly owned as to 50% by Mr. Man and as to 50% by Mrs. Man, each a Director and controlling shareholder of the Company, and hence Hoi Sing Holdings is a connected person of the Company.

The independent non-executive Director, who are not interested in any connected transaction with the Group, have reviewed and confirmed that the continuing connected transaction as set out above has been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also reviewed aforesaid continuing connected transaction and confirmed to the Board that nothing has come to their attention that causes them to believe that it has not been approved by the Board; that it was not, in all material respects, in accordance with the pricing policies of the Group if the transaction involves the provision of goods or services by the Group; that it was not entered into, in all material respects, in accordance with the relevant agreements governing the transaction; and that the relevant annual cap has been exceeded.

Directors' Report

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

AUDITORS

Messrs. HLB Hodgson Impey Cheng Limited ("**HLB**") resigned as auditor of the Company with effect from 25 October 2019 and Grant Thornton Hong Kong Limited ("**Grant Thornton**") has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of HLB.

The consolidated financial statement for the Review Year have been audited by Grant Thornton, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

DONATIONS

Charitable and other donations made by the Group during the Review Year amounted to approximately HK$97,000 (FY2019: HK$30,000).

EVENTS AFTER THE REVIEW YEAR

Save as disclosed in note 35 to the consolidated financial statements set out in this report, the Group did not have any other material subsequent events occurring after 31 March 2020 and up to the date of this report.

On behalf of the Board
Man Hoi Yuen
Chairman and executive Director

Hong Kong, 24 June 2020

Independent Auditor's Report

Grant Thornton
致同

To the members of Yield Go Holdings Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 50 to 103, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, 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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How the Matter was addressed in Our Audit
Accounting for contract revenue *(notes 5 and 18 to the consolidated financial statements)* We identified the revenue from construction contract amounting to approximately HK$420,302,000 in the consolidated statement of profit or loss and other comprehensive income and related contract assets of approximately HK$194,381,000 and contract liabilities of approximately HK$15,654,000 in the consolidated statement of financial position as key audit matter due to significant management judgements and estimation required in determining the total outcome and the stage of completion of contract revenue.	Our procedures in relation to the contract revenue included the following: • Understanding and discussing with the management on how the budgets were prepared and the respective stage of completion were determined and, reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by the management; • Reviewing the reasonableness of key judgements inherent in the budgets. Assessing and recalculating the stage of completion based on the latest budgeted costs and the actual costs incurred; • Testing, on a sample basis, the actual cost incurred including but not limited to the payment certificates and invoices; • Obtaining the certificates issued by the customers to evaluate the reasonableness of the stage of completion as at year end; and • Recalculating and evaluating the gross profit margin and, comparing the budgeted and the actual gross profit margin.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

24 June 2020

Shaw Chi Kit
Practising Certificate No.: P04834

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	5	**420,302**	669,780
Direct costs		**(408,902)**	(589,352)
Gross profit		**11,400**	80,428
Other gains – net	6	**46**	62
Administrative and other operating expenses		**(17,073)**	(32,531)
Finance costs	7	**(2,230)**	(1,828)
(Loss)/Profit before income tax	8	**(7,857)**	46,131
Income tax expense	9	**(105)**	(10,168)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company		**(7,962)**	35,963
		HK cents	HK cents
(Loss)/Earnings per share attributable to equity holders of the Company			
– Basic and diluted	11	**(1.66)**	9.22

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying HKFRS 16 is recognised in equity as an adjustment to the opening balance of retained earnings for the current year (refer to note 3 for details).

The note on pages 54 to 103 form an integral part of these consolidated financial statements. Details of dividends are disclosed in note 10 to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**1,655**	150
Right-of-use assets	16	**1,442**	–
Deferred tax assets	26	**35**	36
		3,132	186
Current assets			
Trade and other receivables	17	**56,686**	43,615
Contract assets	18	**194,381**	242,744
Cash and bank balances	19	**25,267**	50,472
Restricted cash	20	**3,046**	3,037
Tax recoverable		**1,833**	–
		281,213	339,868
Current liabilities			
Trade and other payables	21	**50,993**	95,259
Contract liabilities	18	**15,654**	–
Bank borrowings	24	**43,244**	25,087
Amount due to a director	22	**4,600**	–
Lease liabilities	23	**1,431**	–
Tax payable		**–**	4,966
		115,922	125,312
Net current assets		**165,291**	214,556
Total assets less current liabilities		**168,423**	214,742
Non-current liability			
Lease liabilities	23	**43**	–
Net assets		**168,380**	214,742
CAPITAL AND RESERVES			
Share capital	27	**4,800**	4,800
Reserves	28	**163,580**	209,942
Total equity		**168,380**	214,742

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying HKFRS 16 is recognised in equity as an adjustment to the opening balance of retained earnings for the current year (refer to note 3 for details).

Mr. Man Hoi Yuen *Director*	**Mr. Ho Chi Hong** *Director*

The note on pages 54 to 103 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital HK$'000 *(Note 27)*	Share Premium* HK$'000 *(Note 28)*	Other reserve* HK$'000 *(Note 28)*	Retained earnings* HK$'000	Total HK$'000
Balance as at 1 April 2018	200	–	–	68,720	68,920
Profit and total comprehensive income for the year	–	–	–	35,963	35,963
Reorganisation	(200)	–	200	–	–
Shares issued pursuant to the capitalisation issue	3,600	(3,600)	–	–	–
Shares issued pursuant to the share offer	1,200	124,800	–	–	126,000
Share issuance costs	–	(16,141)	–	–	(16,141)
Balance as at 31 March 2019 and 1 April 2019	**4,800**	**105,059**	**200**	**104,683**	**214,742**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(7,962)**	**(7,962)**
Dividend paid *(note 10)*	**–**	**–**	**–**	**(38,400)**	**(38,400)**
Balance as at 31 March 2020	**4,800**	**105,059**	**200**	**58,321**	**168,380**

* These reserve accounts comprise the consolidated reserves of approximately HK$163,580,000 (2019: approximately HK$209,942,000) in the consolidated statement of financial position.

The note on pages 54 to 103 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(7,857)**	46,131
Adjustments for:			
Depreciation of owned property, plant and equipment		**1,040**	269
Depreciation of right-of-use assets		**1,433**	–
Interest income		**(2)**	(78)
Interest expense	7	**2,230**	1,828
Provision for expected credit losses ("**ECL**") allowance on trade and other receivables – net		**91**	25
(Reversal)/Provision for ECL allowance on contract assets – net		**(33)**	66
Written-off of retention receivables		**–**	12
Operating (loss)/profit before changes in working capital		**(3,098)**	48,253
Decrease in trade and other receivables		**176,914**	72,072
Increase in contract assets		**(143,001)**	(223,759)
(Decrease)/increase in trade and other payables		**(41,229)**	53,504
Increase/(decrease) in contract liabilities		**15,654**	(16,009)
Cash generated from/(used in) operations		**5,240**	(65,939)
Income tax paid		**(6,903)**	(7,176)
Net cash used in operating activities		**(1,663)**	(73,115)
Cash flows from investing activities			
Interest received		**2**	78
Purchases of property, plant and equipment		**(1,224)**	(157)
Increase in deposits paid for purchases of property, plant and equipment		**–**	(1,321)
Net cash used in investing activities		**(1,222)**	(1,400)
Cash flows from financing activities			
Increase in restricted cash		**(3,046)**	–
Interest paid		**(2,230)**	(1,828)
Payment of lease liabilities		**(1,401)**	–
Dividend paid	10	**(38,400)**	–
Proceeds from share offer – net		**–**	109,859
Proceeds from bank borrowings		**203,877**	140,135
Repayments of bank borrowings		**(185,720)**	(148,652)
Increase/(decrease) in amount due to a director		**4,600**	(1,293)
Net cash (used in)/generated from financing activities		**(22,320)**	98,221
Net (decrease)/increase in cash and cash equivalents		**(25,205)**	23,706
Cash and cash equivalents at beginning of the year		**50,472**	26,766
Cash and cash equivalents at end of the year	19	**25,267**	50,472

The note on pages 54 to 103 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Yield Go Holdings Ltd. (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") with effect from 31 December 2018. The addresses of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the "**Group**") are principally engaged in fitting-out services and supply of fitting-out materials.

As at 31 March 2020, to the best knowledge of the Directors, the Company's immediate and ultimate holding company is Hoi Lang Holdings Ltd. ("**Hoi Lang**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Man Hoi Yuen ("**Mr. Man**"), Ms. Ng Yuen Chun ("**Mrs. Man**"), spouse of Mr. Man and Mr. Ho Chi Hong ("**Mr. Ho**").

The consolidated financial statements for the year ended 31 March 2020 were approved for issue by the Board of Directors on 24 June 2020.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. Man and Mrs. Man. Through the Reorganisation, the Company became the holding company of the companies comprising the Group on 18 September 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies comprising the Group after the Reorganisation throughout the years presented.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies comprising the Group after the Reorganisation, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong.

The consolidated financial statement also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Foreign currency translation

The consolidated financial statements are presented in HK$, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

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 (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into the HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.8) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to write off the cost of asset, less their residual values over their estimated useful lives or lease term, using the straight-line method, at the following rates per annum:

Furniture, fixtures and office equipments	20%
Motor vehicle	30%
Leasehold improvement	Over the lease terms

Upon the application of HKFRS 16, accounting policy for depreciation of right-of-use assets is set out in note 2.8.

Estimates of residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gain or loss arising on retirement or disposals is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. Financial liabilities is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("**FVTPL**"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are classified into the following categories:

– amortised cost;

– FVTPL; or

– fair value through other comprehensive income ("**FVOCI**").

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other gains/losses or other financial items, except for ECL of trade receivables which is presented within administrative and other operating expenses.

Subsequent measurement of financial assets

Debt investments – Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement of financial assets (Continued)

Debt investments – Financial assets at amortised cost (Continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, cash and bank balances and restricted cash fall into this category of financial instruments.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities including bank borrowings, lease liabilities, trade and other payables and amount due to a director.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other gains/losses.

Accounting policies of lease liabilities are set out in note 2.8.

Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Trade and other payables and amount due to a director

These are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and contract assets recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("**Stage 1**"); and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("**Stage 2**").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables, retention receivables and contract assets

For trade receivables, retention receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information and the days past due. The contract assets relate to unbilled work in progress, and retention have substantially the same risk characteristics as the trade receivables for the same types of contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets and contract assets (Continued)

Other financial assets measured at amortised cost

The Group measures the loss allowance for other financial assets at amortised cost equal to 12-month ECL unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

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

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

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

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

Detailed analysis of the ECL assessment are set out in note 33.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (note 2.11) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.6 and are reclassified to receivables when the right to the consideration has become unconditional (note 2.5).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (note 2.11). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (note 2.5).

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.

2.8 Leases

Definition of a lease and the Group as a lessee

Policy applicable from 1 April 2019

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

– the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

– the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Policy applicable from 1 April 2019 (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined and the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the consolidated statement of financial position, right-of-use assets have been presented in separate line item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Policy applicable before 1 April 2019

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

Classification of assets leased to the Group

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

Operating lease charges as the lessee

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

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Share capital

Ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value and any related transaction costs are deducted from the share premium.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition

Revenue arises mainly from the provision of fitting-out works in Hong Kong.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Contract revenue

When control of products and services is transferred over time, revenue is recognised progressively using output method which recognises revenue on the basis of direct measurements of the value to the customer of the promised goods or services transferred to date relative to the remaining goods or services promised under the contract with the customer. The progress towards complete satisfaction of the performance obligations in the contract is determined based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

The values of performance completed to date of each of the individual contracts are determined by the Group based on surveys of the fitting-out works completed by the Group to date as stated on the payment certificates issued by the Group's customers or other representatives appointed by the Group's customers. Such payment certificates certifying the value of works carried out to date are issued taken into account of the payment applications submitted by the Group in relation to the actual amounts of works completed by the Group which are prepared based on internal progress reports of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition (Continued)

Contract revenue (Continued)

In cases where the payment certificates do not take place as at the Group's reporting period-end dates or do not exactly cover periods up to the reporting period-end dates, the revenue for the period from the last payment certificates up to the reporting period-end dates is estimated based on the actual amounts of works performed by the Group during such period as indicated by the internal progress reports and the payment applications prepared by the surveyors of the Group and may also be determined with reference to the next payment certificates issued by the Group's customers or other representatives appointed by the Group's customers that takes place subsequent to the reporting period-end dates.

When control of products is transferred at a point in time, revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the Group transfers control over the products to the customer.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

Interest income

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

2.12 Government Grant

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the consolidated statements of financial position and are recognised in profit or loss on a straight line basis over the expected lives of the related assets.

Government grants relating to income is presented in gross under "Other gains" in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Dividend

Dividend to the Company's shareholders is recognised as a liability in the Group's and the Company's financial information in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

2.14 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and the Company's investment in a subsidiary are subject for impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits

Short-term employee benefits

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

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

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' salaries.

Payments to the MPF Scheme are recognised as expense when employees have rendered service entitling them to the contributions.

The Group's obligations under MPF Scheme are limited to the fixed percentage contributions payable.

Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.16 Borrowing costs

All borrowing costs are expensed when they are incurred.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of economic benefit will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.19 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Accounting for income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Related parties

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

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

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

   (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

Close 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.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associate and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Among these new and amended HKFRSs, other than the effect of adoption of HKFRS 16 "Lease" noted below, the other new and amended HKFRSs do not have any material impact on the Group's consolidated financial statements.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases–Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 4.7% per annum.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 (Continued)

HKFRS 16 "Leases" (Continued)

The following is the reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	HK$'000
Total operating lease commitments disclosed at 31 March 2019	2,105
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension option	805
Operating leases liabilities before discounting	2,910
Discounting using incremental borrowing rate as at 1 April 2019	(135)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	2,775
Classified as:	
Current lease liabilities	1,393
Non-current lease liabilities	1,382
	2,775

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019:

	As at 31 March 2019 HK$'000	Effect on initial application of HKFRS 16 HK$'000	As at 1 April 2019 HK$'000
Non-current assets			
Right-of-use assets	–	2,775	2,775
Current liabilities			
Lease liabilities	–	1,393	1,393
Non-current liability			
Lease liabilities	–	1,382	1,382

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 (Continued)

HKFRS 16 "Leases" (Continued)

The following tables summarise the impact of transition to HKFRS 16 on the Group's financial result and cash flows for the year ended 31 March 2020:

	2020				2019
	Amounts reported under HKFRS 16 HK$'000	**Add back: HKFRS 16 depreciation and interest expense HK$'000**	**Deduct: Amounts related to operating leases under HKAS 17 HK$'000**	**Amounts for 2020 reported under HKAS 17 HK$'000**	Amounts for 2019 reported under HKAS 17 HK$'000
Financial results for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
Administrative and other operating expenses	(17,073)	1,433	(1,503)	(17,143)	(32,531)
Finance costs	(2,230)	102	–	(2,128)	(1,828)
(Loss)/Profit before income tax	**(7,857)**	**1,535**	**(1,503)**	**(7,825)**	46,131
(Loss)/Profit for the year	**(7,962)**	**1,535**	**(1,503)**	**(7,930)**	35,963

	2020			2019
	Amounts reported under HKFRS 16 HK$'000	**Amounts related to operating leases under HKAS 17 HK$'000**	**Amounts for 2020 reported under HKAS 17 HK$'000**	Amounts for 2019 reported under HKAS 17 HK$'000
Consolidated statement of cash flows for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from/(used in) operations	5,240	(1,503)	3,737	(65,939)
Net cash used in operating activities	**(1,663)**	**(1,503)**	**(3,166)**	(73,115)
Capital element of lease liabilities paid	(1,401)	1,401	–	–
Interest element of lease liabilities paid	(102)	102	–	–
Net cash (used in)/generated from financing activities	**(22,320)**	**1,503**	**(20,817)**	98,221

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective not yet determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The above new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Contract Revenue

The contract revenue recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a contract over time, measured by the value of performance completed to date of the individual contract as a percentage of total transaction price. The Group reviews and revises the estimates of contract revenue, contract costs and variation order, prepared for each contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers and vendors involved and the experience of management. Management conducts periodic reviews of the budgeted construction costs and revises the budgeted construction costs as appropriate.

Significant judgement required in estimating the value of performance completed, contract revenue, contract costs and variation work which may impact on stage of completion and the corresponding contract revenue and gross profit margin recognised in respective years. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the contract revenue and gross profit recognised in future years as an adjustment to the amounts recorded to date. Details of contract revenue are set out in note 5.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Provision for impairment of trade and other receivables and contract assets

The management estimates the amount of loss allowance for ECL on trade and other receivables and contract assets based on the credit risk. The loss allowance amount measured as difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss. The assessment of the credit risk involves high degree of estimation and uncertainty as the directors of the Company estimated the loss rates for debtors by using forward-looking information. When the actual cash flows are less than expected or more than expected, a material impairment loss or a reversal of impairment loss may arise, accordingly. Details of the ECL movement are set out in note 33.2.

5. REVENUE

The Group's principal activities are disclosed in note 1 of the consolidated financial statements. Revenue recognised during the years ended 31 March 2019 and 2020 are as follows:

	2020 HK$'000	2019 HK$'000
By timing of revenue recognition:		
Control transferred over time	**420,302**	661,982
Control transferred at a point in time	**–**	7,798
	420,302	669,780
By type of services:		
Fitting-out services	**420,302**	661,982
Supply of fitting-out materials	**–**	7,798
	420,302	669,780

The chief operating decision-maker (the "**CODM**") has been identified as the board of directors of the Company. The board of directors regards the Group's fitting-out services and supply of fitting-out materials business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

5. REVENUE (CONTINUED)

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2020 HK$'000	2019 HK$'000
Customer A[1]	**265,749**	484,346
Customer B	**72,508**	N/A[2]

1 The customer represents a collection of companies within a group.
2 The corresponding revenue did not contribute over 10% of total revenue of the Group.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2019 and 2020.

	2020 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2021	**144,635**
31 March 2022	**41,763**
	186,398

	2019 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	275,490
31 March 2021	6,461
	281,951

6. OTHER GAINS – NET

	2020 HK$'000	2019 HK$'000
Bank interest income	**2**	78
Reversal of provision for ECL allowance on contract assets	**33**	–
Net foreign exchange losses	**(39)**	(16)
Government grant	**50**	–
	46	62

7. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on bank borrowings	**2,128**	1,828
Finance charges on lease liabilities	**102**	–
	2,230	1,828

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2020 HK$'000	2019 HK$'000
(Loss)/Profit before income tax is arrived at after charging:		
(a) Staff costs (including directors' remuneration) *(note(i))*		
Salaries, wages and other benefits *(note (ii))*	**40,433**	39,546
Discretionary bonuses	**–**	2,139
Contributions to defined contribution retirement plans	**1,662**	1,669
	42,095	43,354
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	**26**	6
Administrative expenses		
– Owned assets	**1,014**	263
– Right-of-use assets	**1,433**	–
	2,473	269
Subcontracting charges (included in direct costs)	**293,688**	382,833
Cost of materials and finished goods	**76,222**	166,079
Auditors' remuneration	**650**	1,500
Short term lease with lease term less than 12 months/Operating lease charges in respect of machinery and equipment	**390**	27
Short term lease with lease term less than 12 months/Operating lease charges in respect of warehouse	**164**	48
Operating lease charges in respect of premises	**–**	528
Listing expenses	**–**	16,926
Provision for ECL allowance on trade and other receivables, net	**91**	25
(Reversal)/Provision for ECL allowance on contract assets, net	**(33)**	66
Written-off of retention receivables	**–**	12

Note (i): Staff costs (including directors' remuneration) included in:

	2020 HK$'000	2019 HK$'000
Direct costs	**34,469**	36,545
Administrative expenses	**7,626**	6,809
	42,095	43,354

Note (ii): For the year ended 31 March 2019, staff costs included operating lease payments of HK$438,000 in respect of director's quarter. At as 1 April 2019, the remaining lease payments in respect of director's quarter have been recognised as lease liability and corresponding right-of-use asset. During the year ended 31 March 2020, the depreciation and lease payments in respect of relevant right-of-use asset and lease liability amounted to HK$448,000 and HK$468,000 respectively.

9. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Current Tax		
– Hong Kong profits tax		
Current year	**77**	10,278
Under/(Over) provision in respect of prior year	**27**	(95)
	104	10,183
Deferred Tax *(note 26)*	**1**	(15)
Income tax expense	**105**	10,168

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2020, except that the Group's qualified entity is calculated in accordance with the two-tiered profit tax rates regime and the profits tax of other group entities in Hong Kong which are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2019: 16.5%).

Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rate:

	2020 HK$'000	2019 HK$'000
(Loss)/Profit before income tax	**(7,857)**	46,131
Tax on (loss)/profit before income tax, calculated at the Hong Kong Profits Tax rate of 16.5%	**(1,296)**	7,612
Effect of two-tiered profits tax rates regime	**(77)**	(165)
Tax effect of non-taxable revenue	**(9)**	(13)
Tax effect of non-deductible expenses	**27**	2,818
Tax effect of tax losses not recognised	**1,423**	378
Utilisation of tax losses previously not recognised	**(22)**	(323)
Tax effect of deductible temporary differences not recognised	**32**	16
Tax concession	**–**	(60)
Under/(Over) provision in respect of prior years	**27**	(95)
Income tax expense	**105**	10,168

9. INCOME TAX EXPENSE (CONTINUED)

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of the tax losses as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

As at 31 March 2020, the Group had unused tax losses of approximately HK$17,646,000 (2019: approximately HK$9,156,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

10. DIVIDENDS

(a) Dividends attributable to the year

	2020 **HK$'000**	2019 HK$'000
Proposed final – Nil (2019: HK 8 cents per ordinary share)	**–**	38,400

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2020 **HK$'000**	2019 HK$'000
Final dividend in respect of the previous financial year, of HK 8 cents per ordinary share (2019: Nil)	**38,400**	–

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
(Loss)/Profit attributable to equity holders of the Company (HK$'000)	**(7,962)**	35,963
Weighted average number of ordinary shares in issue (in thousands)	**480,000**	389,918
Basic (loss)/earnings per share (HK cents)	**(1.66)**	9.22

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2019 and 2020.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration of each director and chief executive for the years ended 31 March 2019 and 2020 is set out below:

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2020				
Executive Directors				
Mr. Man	**–**	**1,082**	**18**	**1,100**
Mrs. Man	**–**	**390**	**18**	**408**
Mr. Ho	**–**	**845**	**18**	**863**
Independent non-executive directors				
Mr. Chan Ka Yu	**180**	**–**	**–**	**180**
Mr. Lo Ki Chiu	**180**	**–**	**–**	**180**
Mr. Leung Wai Lim	**180**	**–**	**–**	**180**
	540	**2,317**	**54**	**2,911**
Year ended 31 March 2019				
Executive Directors				
Mr. Man	–	1,686	18	1,704
Mrs. Man	–	181	5	186
Mr. Ho	–	1,061	18	1,079
Independent non-executive directors				
Mr. Chan Ka Yu	45	–	–	45
Mr. Lo Ki Chiu	45	–	–	45
Mr. Leung Wai Lim	45	–	–	45
	135	2,928	41	3,104

During the year ended 31 March 2019, the lease payments in respect of director's quarter are included in Mr. Man's salaries, allowances and other benefits in kind. Details are set out in note 8.

During the year ended 31 March 2020, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil). Neither the chief executive nor any of the Directors has waived or agreed to waive any emoluments during the year ended 31 March 2020 (2019: Nil).

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

13. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Of the five individuals with the highest emoluments, two (2019: two) of them are directors for the year ended 31 March 2020. The emoluments in respect of the remaining three (2019: three) individuals for the year ended 31 March 2020 are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and other benefits in kind	**1,933**	1,933
Discretionary bonuses	**–**	452
Retirement scheme contributions	**51**	54
	1,984	2,439

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000. During the year ended 31 March 2020, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2019: Nil).

14. SUBSIDIARIES OF THE COMPANY

Particulars of principal subsidiaries at 31 March 2020 and 2019 are as follows:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Particulars of issued and paid up capital	Attributable equity interest 2020	 2019	Principal activities
Link Shing Holdings Ltd. ("**Link Shing**")	Limited liability company incorporated on 11 May 2018, BVI	United states dollars ("**US$**") 100	**100% (direct)**	100% (direct)	Investment holding
Chun Shing Development Co., Limited ("**Chun Shing Development**")	Limited liability company incorporated on 29 January 2015, Hong Kong	HK$1	**100% (indirect)**	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials
Hoi Sing Construction (H.K.) Limited ("**Hoi Sing Construction**")	Limited liability company incorporated on 21 February 2001, Hong Kong	HK$2	**100% (indirect)**	100% (indirect)	Provision of fitting-out services
Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**")	Limited liability company incorporated on 21 September 1995, Hong Kong	HK$100,000	**100% (indirect)**	100% (indirect)	Provision of fitting-out services
Milieu Wooden Company Limited ("**Milieu**")	Limited liability company incorporated on 16 December 2010, Hong Kong	HK$100,000	**100% (indirect)**	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipments HK$'000	Motor Vehicle HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost				
As at 1 April 2018	673	1,444	–	2,117
Additions	157	–	–	157
As at 31 March 2019	830	1,444	–	2,274
Accumulated depreciation				
As at 1 April 2018	664	1,191	–	1,855
Charge for the year	16	253	–	269
As at 31 March 2019	680	1,444	–	2,124
Net book value				
As at 31 March 2019	150	–	–	150
Cost				
As at 1 April 2019	**830**	**1,444**	**–**	**2,274**
Additions	**823**	**–**	**1,722**	**2,545**
As at 31 March 2020	**1,653**	**1,444**	**1,722**	**4,819**
Accumulated depreciation				
As at 1 April 2019	**680**	**1,444**	**–**	**2,124**
Charge for the year	**191**	**–**	**849**	**1,040**
As at 31 March 2020	**871**	**1,444**	**849**	**3,164**
Net book value				
As at 31 March 2020	**782**	**–**	**873**	**1,655**

16. RIGHT-OF-USE ASSETS

	2020 HK$'000
Cost	
As at 1 April 2019	–
Initial application of HKFRS 16	2,775
Additions	100
As at 31 March 2020	2,875
Depreciation	
As at 1 April 2019	–
Charge for the year	1,433
As at 31 March 2020	1,433
Carrying value	
As at 31 March 2020	1,442

Included in the carrying value is the right-of-use assets related to office premises, a staff quarter and a carpark, which have been depreciated over the lease period of 22 to 24 months on a straight line basis.

17. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	36,196	25,492
Less: ECL allowance	(37)	(148)
Trade receivables – net *(note (a))*	36,159	25,344
Retention receivables *(note (b))*	16,399	13,205
Other receivables, deposits and prepayments *(note (c))*	4,128	5,066
	56,686	43,615

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables

The credit period granted to customers are 30 days generally. The ageing analysis of the trade receivables based on invoice date is as follows:

	2020 HK$'000	2019 HK$'000
0–30 days	**15,275**	18,921
31–60 days	**14,136**	2,781
61–90 days	**6,203**	50
Over 90 days	**545**	3,592
	36,159	25,344

During the year ended 31 March 2020, net reversal of ECL allowance of approximately HK$111,000 (2019: net addition of ECL allowance of approximately HK$25,000) were made against the gross amount of trade receivables (note 33.2).

(b) Retention receivables

Retention receivables were not past due as at 31 March 2020, and were due for settlement in accordance with the terms of respective contract (2019: Nil).

The Group generally allows 3% to 10% of total contract price of its contracts as retention, which are unsecured, interest-free and recoverable at the completion of the defects liability period of individual contracts which range from 12 months to 18 months from the date of the completion of the respective contract.

The due date for settlement of the Group's retention receivables based on the completion of defects liability period as at 31 March 2020 as follows:

	2020 HK$'000	2019 HK$'000
Due within one year	**16,399**	13,205

During the year ended 31 March 2020, additional provision for ECL allowance of approximately HK$121,000 was made. During the year ended 31 March 2019, HK$12,000 of retention receivables was fully impaired and written off (note 33.2).

(c) Other receivables, deposits and prepayments

	2020 HK$'000	2019 HK$'000
Other receivables	**309**	943
Deposits	**2,590**	2,643
Prepayments	**1,310**	1,480
	4,209	5,066
Less: ECL allowance	**(81)**	–
Balance at 31 March	**4,128**	5,066

During the year ended 31 March 2020, the Group had recognised provision for ECL allowance on other receivables of approximately HK$81,000 (2019: Nil) as individually impaired (note 33.2).

18. CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities:

	2020 **HK$'000**	2019 HK$'000
Contract assets	**194,416**	242,812
Less: ECL allowance	**(35)**	(68)
Contract assets – net	**194,381**	242,744
Contract liabilities	**(15,654)**	–
	178,727	242,744

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional upon rending of the billings. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

During the year ended 31 March 2020, reversal of ECL allowance of approximately HK$33,000 (2019: net addition of ECL allowance of approximately HK$66,000) were made against the gross amounts of contract assets (note 33.2).

The following table shows how much of the revenue recognised in the respective reporting period relates to carried-forward contract assets and contract liabilities.

	2020 **HK$'000**	2019 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	15,586
Transfers from the contract assets recognised at the beginning of the year to trade receivables	**(191,397)**	(75,404)

19. CASH AND BANK BALANCES

	2020 HK$'000	2019 HK$'000
Cash at banks	**25,267**	50,402
Cash on hand	**–**	70
Cash and cash equivalents	**25,267**	50,472

Note: Cash at banks earns interest at floating rates based on daily bank deposit rates.

20. RESTRICTED CASH

Restricted cash represents deposits held at an insurance company for faithful performance in accordance with the terms of the contract between the Group and the customer.

21. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**46,295**	85,673
Accruals and other payables	**4,698**	9,586
	50,993	95,259

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

	2020 HK$'000	2019 HK$'000
0–30 days	**20,990**	52,927
31–60 days	**3,372**	4,226
61–90 days	**4,907**	13,799
Over 90 days	**17,026**	14,721
	46,295	85,673

22. AMOUNT DUE TO A DIRECTOR

Name of director	2020 HK$'000	2019 HK$'000
Mr. Man	**4,600**	–

The balance is denominated in HK$. The amount due to a director is non-trade nature, unsecured, interest-free and repayable on demand.

23. LEASE LIABILITIES

The analysis of the Group's obligations under lease is as follows:

	2020 HK$'000	2019 HK$'000
Total minimum lease payments:		
Within one year	**1,469**	–
After one year but within two years	**44**	–
	1,513	–
Future finance charges on lease liabilities	**(39)**	–
Present value of lease liabilities	**1,474**	–
Present value of minimum lease payments:		
Within one year	**1,431**	–
After one year but within two years	**43**	–
	1,474	–
Less: Portion due within one year included under current liabilities	**(1,431)**	–
Portion due after one year included under non-current liabilities	**43**	–

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Details for transitions to HKFRS 16 are set out in note 3.

As at 31 March 2020, the carrying amounts of the Group's right-of-use assets in relation to offices premises, a staff quarter and a carpark are HK$1,442,000 (2019: Nil) (note 16).

During the year ended 31 March 2020, the Group had four lease agreements comprising two office premises, one staff quarter and one carpark for 1 to 2 years with total cash outflows for the leases of HK$2,057,000. The Group considered that no extension option or termination option would be exercised at the lease commencement date.

24. BANK BORROWINGS

	2020 **HK$'000**	2019 HK$'000
Bank borrowings	**43,244**	25,087

All the bank borrowings are analysed as follows:

	2020 **HK$'000**	2019 HK$'000
Within one year	**43,244**	25,087

The amounts due are based on the schedule repayment dates set out in the loan agreements. The carrying amounts of the bank borrowings approximately equal to their fair values, as the market interest rates are relatively stable and are denominated in HK$.

As at 31 March 2020, the interest rates of the bank borrowings are HIBOR plus 3.0% and HIBOR plus 3.5% per annum (2019: Hong Kong Dollar Prime Rate minus 0.5% and Hong Kong Dollar Prime Rate plus 0.5% per annum).

25. BANKING FACILITIES

As at 31 March 2020, the banking facilities for bank borrowings granted to the Group were secured by the followings:

(i) Unlimited corporate guarantee granted by the Company; and

(ii) Proceeds in relation to all account receivables of one of the subsidiaries of the Company.

As at 31 March 2019, the banking facilities for bank borrowings granted to the Group were secured by the followings:

(i) Unlimited personal guarantees and indemnity granted by Mr. Man and Mrs. Man;

(ii) Unlimited corporate guarantee granted by Hoi Sing Holdings (HK) Limited ("**Hoi Sing Holdings**"), a related company controlled and owned by Mr. Man and Mrs. Man;

(iii) Personal property owned by Mr. Man; and

(iv) Proceeds in relation to all account receivables of one of the subsidiaries of the Company.

As at 31 March 2020, the Group had unutilised banking facilities for bank borrowings amounting to approximately HK$6,756,000 (2019: approximately HK$11,913,000).

26. DEFERRED TAX

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

	ECL allowance on trade and other receivables and contract assets HK$
As at 1 April 2018	21
Credited to consolidated statement of profit or loss *(note 9)*	15
As at 31 March 2019 and 1 April 2019	36
Debited to consolidated statement of profit or loss *(note 9)*	(1)
As at 31 March 2020	**35**

27. SHARE CAPITAL

	Notes	Number of ordinary shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	38,000,000	380
Increase in number of authorised shares	(b)	962,000,000	9,620
At 31 March 2019 and 2020		**1,000,000,000**	**10,000**
Issued and fully paid:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	100	–
Shares issued upon the Reorganisation	(c)	100	–
Shares issued pursuant to the capitalisation issue	(d)	359,999,800	3,600
Shares issued pursuant to the share offer	(e)	120,000,000	1,200
At 31 March 2019 and 2020		**480,000,000**	**4,800**

27. SHARE CAPITAL (CONTINUED)

Notes:

(a) On 9 May 2018 (date of incorporation), an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one fully-paid ordinary share was allotted and issued to the initial subscriber which was then transferred to Hoi Lang on the same date. A further allotment and issuance of 99 ordinary shares were made on the same date to Hoi Lang.

(b) On 6 December 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of an additional 962,000,000 ordinary shares of HK$0.01 each.

(c) On 18 September 2018 (date of reorganisation), the Company issued and allotted 100 ordinary shares to Hoi Lang, all credited as fully paid respectively.

(d) On 6 December 2018, the directors of the Company authorised to allot and issue a total of 359,999,800 ordinary shares credited as fully paid at par to the shareholders of the Company by way of capitalisation of the sum of approximately HK$3,600,000 standing to the credited of the share premium account of the Company.

(e) Upon its listing on the Main Board of the Stock Exchange on 31 December 2018, the Company issued 120,000,000 new ordinary shares at an offer price of HK$1.05 each and raised gross proceeds of approximately HK$126,000,000.

28. RESERVES

28.1 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 expenses incurred in connection with the issue of the shares.

28.2 Other reserve

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investment in a subsidiary	**1**	1
Right-of-use assets	**503**	–
	504	1
Current assets		
Prepayments	**255**	196
Amounts due from subsidiaries	**87,309**	52,271
Cash and bank balances	**1,792**	41,269
	89,356	93,736
Current liabilities		
Accruals	**1,188**	2,111
Amount due to a subsidiary	**777**	793
Lease liabilities	**515**	–
	2,480	2,904
Net current assets	**86,876**	90,832
Net assets	**87,380**	90,833
CAPITAL AND RESERVES		
Share capital	**4,800**	4,800
Reserve *(note a)*	**82,580**	86,033
Total equity	**87,380**	90,833

Approved and authorised for issue by the board of directors on 24 June 2020.

Mr. Man Hoi Yuen
Director

Mr. Ho Chi Hong
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

Note (a):

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 9 May 2018 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(19,026)	(19,026)
Shares issued pursuant to the capitalisation issue	(3,600)	–	(3,600)
Shares issued pursuant to the share offer	124,800	–	124,800
Share issuance costs	(16,141)	–	(16,141)
Balance as at 31 March 2019 and 1 April 2019	**105,059**	**(19,026)**	**86,033**
Profit and total comprehensive income for the year	**–**	**34,947**	**34,947**
Dividend paid *(note 10)*	**–**	**(38,400)**	**(38,400)**
Balance as at 31 March 2020	**105,059**	**(22,479)**	**82,580**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

30.1 Reconciliation of liabilities arising from financing activities

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

	Bank Borrowings HK$'000	Lease liabilities HK$'000	Amount due to a director HK$'000	Total HK$'000
As at 1 April 2018	33,604	–	1,293	34,897
Cash flows:				
Proceeds from bank borrowings	140,135	–	–	140,135
Repayments of bank borrowings	(148,652)	–	–	(148,652)
Loan interest expense paid	(1,828)	–	–	(1,828)
Decrease in amount due to a director	–	–	(1,293)	(1,293)
Non-cash:				
Interest on bank borrowings	1,828	–	–	1,828
As at 31 March 2019	25,087	–	–	25,087
As at 1 April 2019	**25,087**	**–**	**–**	**25,087**
Impact on initial application of HKFRS 16 *(note 3.1)*	**–**	**2,775**	**–**	**2,775**
As at 1 April 2019 (Adjusted)	**25,087**	**2,775**	**–**	**27,862**
Cash flows:				
Proceeds from bank borrowings	**203,877**	**–**	**–**	**203,877**
Repayments of bank borrowings	**(185,720)**	**–**	**–**	**(185,720)**
Loan interest expense paid	**(2,128)**	**–**	**–**	**(2,128)**
Capital element of lease rental paid	**–**	**(1,401)**	**–**	**(1,401)**
Interest element of lease rental paid	**–**	**(102)**	**–**	**(102)**
Increase in amount due to a director	**–**	**–**	**4,600**	**4,600**
Non-cash:				
Capital element upon entering of new leases	**–**	**100**	**–**	**100**
Interest on bank borrowings	**2,128**	**–**	**–**	**2,128**
Finance charges on lease liabilities	**–**	**102**	**–**	**102**
As at 31 March 2020	**43,244**	**1,474**	**4,600**	**49,318**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

30.2 Non-cash transaction

During the year ended 31 March 2019, addition of restricted cash of approximately HK$3,037,000 was settled in May 2019.

31. COMMITMENTS

(a) Operating lease commitments – Group as lessee

As at the reporting date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2020 **HK$'000**	2019 HK$'000
Within one year	**–**	1,203
In the second to fifth years inclusive	**–**	902
	–	2,105

As at 31 March 2019, the Group is the lessee in respect of premises under operating leases. The leases typically run for initial periods ranging from approximately 2 to 3 years.

(b) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2020 **HK$'000**	2019 HK$'000
Property, plant and equipment	**184**	709

32. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) Transactions with related party

		Note	**2020** **HK$'000**	2019 HK$'000
Hoi Sing Holdings	Lease payments	(i)	**528**	528

Note:

(i) The lease payments for premises paid to Hoi Sing Holdings are based on the agreements entered into between the parties involved. As at 31 March 2020, the related lease liabilities amounting to HK$515,000.

(b) Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the year are as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries, fee, allowances and other benefits	**4,087**	4,750
Discretionary bonuses	**–**	320
Retirement benefit scheme contributions	**97**	95
	4,184	5,165

(c) Guarantee provided by related party

Details of guarantee provided by the related party are disclosed in note 25.

33. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, cash and bank balances, restricted cash, trade and other payables, amount due to a director, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, liquidity risk and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

33.1 Categories of financial assets and liabilities

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

	2020 **HK$'000**	2019 HK$'000
Financial assets		
At amortised cost:		
Trade and other receivables	**53,041**	39,071
Cash and bank balances	**25,267**	50,472
Restricted cash	**3,046**	3,037
	81,354	92,580
Financial liabilities		
At amortised cost:		
Trade and other payables	**50,993**	95,259
Amount due to a director	**4,600**	–
Lease liabilities	**1,474**	–
Bank borrowings	**43,244**	25,087
	100,311	120,346

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk

(i) Currency risk

The assets and liabilities of each company within the Group are mainly denominated in their respective functional currencies. No sensitivity analysis is presented due to the directors are of the opinion that the volatility of the Groups profits against changes in exchange rates of foreign currencies arising from these assets and liabilities is insignificant.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from short-term interest-bearing bank borrowings which are issued at variable rate and expose the Group to cash flow interest rate risk. The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate when the need arise.

The interest rates and terms of repayment of the Group's interest-bearing bank borrowings are disclosed in note 24.

As at 31 March 2020, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's loss before income tax for the year ended 31 March 2020 would have been increased/decreased by approximately HK$432,000 (2019: approximately HK$251,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for variable-rate bank borrowings in existence at each reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

(iii) 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 operations and from its investing activities.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 March 2020 and 2019 is the carrying amount as disclosed in note 33.1.

The Group uses four categories for those receivables which reflect their credit risk and how the loss allowance provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk (Continued)

(iii) Credit risk (Continued)

The following table shows the Group's credit risk grading framework:

Category	Group definition of category	Basis for recognition of ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Trade receivables, retention receivables and contract assets

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables, retention receivables and contract assets.

The Group has a concentration of credit risk in respect of trade and retention receivables and contract assets. As at 31 March 2020, there were three customers (2019: four customers) which individually contributed over 10% of the Group's trade and retention receivables and contract assets. The aggregate amounts from these customers amounted to 89.7% (2019: 85.5%) of the Group's trade and retention receivables and contract assets as at 31 March 2020. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk, inherent in the Group's outstanding receivables balance due from these debtors.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk (Continued)

(iii) Credit risk (Continued)

Trade receivables, retention receivables and contract assets (Continued)

Based on historical and forward looking elements of the Group, the movement in the provision for loss allowance in respect of trade receivables, retention receivables and contract assets during the year ended 31 March 2020 were as follows:

	Trade receivables HK$'000	Retention receivables HK$'000	Contract assets HK$'000	Total HK$'000
As at 1 April 2018	123	–	2	125
Provision made for the year	147	12	68	227
Reversal for the year	(122)	–	(2)	(124)
Written-off for the year	–	(12)	–	(12)
As at 31 March 2019	**148**	**–**	**68**	**216**
Provision made for the year	**8**	**121**	**–**	**129**
Reversal for the year	**(119)**	**–**	**(33)**	**(152)**
As at 31 March 2020	**37**	**121**	**35**	**193**

For the years ended 31 March 2019 and 2020, the provision for, reversal of and written-off of loss allowance were recognised in profit or loss in other gains and administrative and other operating expenses in relation to the impaired trade receivables, retention receivables and contract assets.

Deposits and other receivables

The Group considered the expected credit loss is low based on historical settlement records and past experiences and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. During the year ended 31 March 2020, additions of ECL allowance of approximately HK$81,000 (2019: Nil) were made against the gross amount of deposit and other receivables.

Cash and bank balances and restricted cash

Bank balances were placed at financial institutions that have sound credit rating. The risk of default is low and the Group considers the credit risk to be insignificant.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk (Continued)

(iv) Liquidity risk

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

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on current rates at the reporting date) and the earliest date the Group may be required to pay.

	Within one year or on demand HK$'000	Over one year but within two years HK$'000	Over two years but within five years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2020					
Trade and other payables	**50,993**	**–**	**–**	**50,993**	**50,993**
Amount due to a director	**4,600**	**–**	**–**	**4,600**	**4,600**
Lease liabilities	**1,469**	**44**	**–**	**1,513**	**1,474**
Bank borrowings	**43,825**	**–**	**–**	**43,825**	**43,244**
	100,887	**44**	**–**	**100,931**	**100,311**
As at 31 March 2019					
Trade and other payables	95,259	–	–	95,259	95,259
Bank borrowings	25,240	–	–	25,240	25,087
	120,499	–	–	120,499	120,346

33.3 Fair value

The Directors consider the carrying amounts of the Group's financial assets and financial liabilities are approximate to their fair value because of the immediate or short term maturity of these financial instruments.

34. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities and amount due to a director divided by the total equity.

The gearing ratios of the Group are as follows:

	2020 **HK$'000**	2019 HK$'000
Total debt	**49,318**	25,087
Total equity	**168,380**	214,742
Gearing ratio	**29.3%**	11.7%

35. EVENTS AFTER REPORTING DATE

The outbreak of COVID-19 epidemic since early 2020 has posed a tremendous challenge to the overall global economy. The Group has been closely monitoring the impact of the development of COVID-19 epidemic on the Group's businesses and services to customers. There may be adverse effect on the subsequent financial performance, depending on the development of COVID-19 epidemic and its impact on the economic conditions. The Group will closely monitor the situation and, to the extent applicable, taking proactive actions to minimize the impact of COVID-19 epidemic.

Summary of Financial Information

The financial summary of the Group for the last five years is set as follows:

	For the year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**420,302**	669,780	560,283	346,391	240,149
Direct costs	**(408,902)**	(589,352)	(498,849)	(304,154)	(216,377)
Gross profit	**11,400**	80,428	61,434	42,237	23,772
Other gains/(losses) – net	**46**	62	56	(7)	94
Administrative and other operating expenses	**(17,073)**	(32,531)	(12,912)	(8,220)	(8,234)
Finance costs	**(2,230)**	(1,828)	(1,657)	(961)	(1,205)
(Loss)/Profit before income tax	**(7,857)**	46,131	46,921	33,049	14,427
Income tax expense	**(105)**	(10,168)	(8,327)	(5,910)	(2,567)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company	**(7,962)**	35,963	38,594	27,139	11,860
(Loss)/Earnings per share attributable to equity holders of the Company:					
– Basic and diluted	**(HK1.66 cents)**	HK9.22 cents	HK10.72 cents	HK7.54 cents	HK3.29 cents

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Non-current assets	**3,132**	186	262	690	1,123
Current assets	**281,213**	339,868	160,345	147,449	118,921
Non-current liabilities	**(43)**	–	–	–	(429)
Current liabilities	**(115,922)**	(125,312)	(91,583)	(117,709)	(106,324)
Total equity	**168,380**	214,742	69,024	30,430	13,291