Twintek

TWINTEK INVESTMENT HOLDINGS LIMITED

乙德投資控股有限公司

ANNUAL REPORT 2021

(Incorporated in the Cayman Islands with limited liability) Stock Code : 6182

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Lo Wing Cheung *(Chairman)*
Ms. Fung Pik Mei

Non-executive Director
Mr. Wan Ho Yin

Independent Non-executive Directors
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

AUDIT COMMITTEE

Mr. Shu Wa Tung Laurence *(Chairman)*
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok
Mr. Wan Ho Yin

REMUNERATION COMMITTEE

Mr. Tam Wing Lok *(Chairman)*
Mr. Lo Wing Cheung
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor

NOMINATION COMMITTEE

Mr. Lo Wing Cheung *(Chairman)*
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

COMPANY SECRETARY

Mr. Chau Wing Wo

AUDITOR

SHINEWING (HK) CPA Limited

AUTHORISED REPRESENTATIVES

Mr. Lo Wing Cheung
Ms. Fung Pik Mei

COMPANY LAWYER

CFN Lawyers in association with Broad & Bright
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Boundary Hall Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Eastern Centre
1065 King's Road
Quarry Bay
Hong Kong

SHARE INFORMATION

Ordinary share listing

Place of listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	06182
Board lot size	8,000 Shares

WEBSITE

www.kwantaieng.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I am pleased to present the annual results of Twintek Investment Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2021 (the "**Year**").

This Year is a difficult year to Hong Kong. The outbreak of the COVID-19 since early 2020 has created economic uncertainty to Hong Kong and imposed negative impacts on the construction industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and temporary suspension of worksites due to measures imposed by the Hong Kong Government. Stimulus packages at record levels were being structured and implemented by the Hong Kong Government with objectives to protect jobs, boost consumption and bring back confidence into businesses and the construction industry has been benefitted by the favourable government policies. With the Group's effort and resilience built into the business, the Group has overcome difficulties encountered and received a fruitful result for the Year.

Timber flooring products remain the Group's major sources of revenue and contributed over 50% of the Group's revenue. During the Year, the Group has completed several residential projects in Pak Shek Kok, Tseung Kwan O and Eastern Kowloon, which commenced in early 2020 and together provided over 200,000 square meters of timber flooring, contributed near 50% of revenue generated from timber flooring products. In addition, the Group has nearly completed a major woodworks project which has been postponed for several years.

Our SPC wall panels started to penetrate the market during the Year. With its anti-bacteria, fast construction and budgeted features, the Group has been awarded and completed a large scaled hospital project in supply and installation of over 20,000 square meters of SPC wall panels during the Year. The Group also took a first step to fitout sector in the Year. During the Year, the Group has been awarded 9 fitout projects and received positive response.

During the Year, the Group, through the acquisition of Sun Warm Holding Company Limited, acquired Unit 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay (the "**Property**"), which we used as office, workshop and warehouse. It is believed that acquisition of the Property could minimise the Group's overall operation and rental costs in long run and enhance its operating efficiency. It is further believed that the acquisition could strengthen the Group's asset base available for mortgage or as loan collateral, which could enable the Group to obtain more preferential terms from banks for financing arrangements.

As a result of the above, the Group's result turnaround from a net loss of approximately HK$23.8 million for the previous year to a net profit of approximately HK$11.3 million for the Year.

In the coming future, the Group would stay its major focus on completing a mega sized public project under the 10-Year Hospital Development Plan. It would be a valuable opportunity on demonstrating our proven high quality gypsum block products among different government sectors, and a chance to further expand our market share on public works.

Despite the impact of COVID-19 may not be come to the end in the near future, we remain optimistic towards the future. We believe that the Group would be benefited from the promising medium-to-long term outlook of the Hong Kong construction industry. The Group will continue to use all endeavors to manage upcoming challenges in the fast changing environment and maintain its leading position among industry players to achieve satisfactory results in the future.

APPRECIATION

In appreciation of the shareholders' support, the Board resolved to propose a final dividend of HK1.0 cent per share for the Year, which is subject to the shareholders' approval at the forthcoming annual general meeting (the "**AGM**") of the Company.

Lastly, on behalf of the Board, I would like to express my sincere appreciation to all shareholders, customers and business partners for their continuous support to the Group, and to extend my gratitude to dedicated staff for their contributions throughout the Year.

Lo Wing Cheung
Chairman

Hong Kong, 25 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

The Group is a building materials contractor providing building materials and the relevant installation services mainly in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block and drywall partition products; (iii) interior composite panel lining, in particular, SPC wall panels; (iv) woodwork products; and (v) roof tiles.

During the year ended 31 March 2021, the Hong Kong economy has been under the cloud of the COVID-19 pandemic and US-China trade war and continues to face a gloomy outlook. The Group observed an increased number of competitors bidding for new projects at aggressive prices. However, despite the challenges brought by the economic downturn and COVID-19 pandemic, the industry has benefitted from favourable government policies such as the cap on the value of properties eligible for mortgage loans up to 90% loan-to-value ratio being raised from HK$4 million to HK$8 million for first-time home buyers. As a result of such policies, the number of properties completed in 2020 has rebounded, especially in Pak Shek Kok, Tseung Kwan O and Eastern Kowloon where the Group has been awarded several projects. Hence, the Group recorded an increase in revenue and net profit to approximately HK$311.8 million and HK$11.3 million for the year ended 31 March 2021, respectively, compared to revenue and net loss of HK$157.0 million and HK$23.8 million for the year ended 31 March 2020, respectively.

In addition, a change in the main contractors of one of the Group's major construction contracts in 2018 has resulted in a delay in the project schedule, though the Group's engagement in this project, in particular the scope of work and contract sum, remain the same. Such project has resumed in early April 2020 and is progressing well. As at 31 March 2021, the project is in the final stage of completion.

To cope with the keen competition and to maintain its market share, the Group continued to improve the technicality of its gypsum block installation system, so as to facilitate compliance with its enhanced construction standards. The Group remains well-positioned to take on potential business opportunities brought by the 10-Year Hospital Development Plan as detailed in the Chief Executive's 2016 Policy Address. As disclosed in the annual report 2020 of the Group, the Group has been awarded one project under the 10-Year Hospital Development Plan with a contract sum of approximately HK$109.3 million for the supply and installation of over 100,000 square meters of gypsum block products. Such project has commenced in November 2020 and under the current work progress, it is expected to be completed in late 2021. In addition to the potential projects under the 10-Year Hospital Development Plan, the Group has also received several tender invitations for other public utilities projects. Given the risks presented by the COVID-19 pandemic, developers are likely to place more emphasis on the quality of gypsum block products, which could lead to greater business opportunities for the Group as it offers gypsum block products with eco-friendly and radiation protection features that are fit for the building material specifications nowadays.

In 2019, the Group introduced several new products including interior composite panel lining, in particular, the SPC wall panel, a panel lining with anti-bacterial, eco-friendly properties, which provides a quicker and budgeted solution to the Group's customers compared to conventional installation methods. These products started to penetrate the market in 2020 and are especially well-suited to the latest industry trend which requiring faster construction. During the year ended 31 March 2021, the Group has completed a large scaled hospital project for the supply and installation of over 20,000 square meters of SPC wall panels. With an increasing awareness about public health and safety amidst the COVID-19 pandemic, the Group foresees an increase in demand for the anti-bacterial SPC wall panels from its customers.

Moreover, the Group has started to explore the fitout sector so as to fully utilise its interior installation experience and to achieve vertical integration and diversification of its business segments. The Group has so far received positive response from its customers.

Looking forward, the Group will continue to focus on its competitive edge. The Directors believe that the Group will benefit from the promising medium-to-long term outlook of the Hong Kong construction industry. In the long run, the Group will continue to use all endeavors to manage upcoming challenges in the fast-changing environment and maintain its leading position among industry players to achieve satisfactory results in the future.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from two segments: (i) construction contracts, i.e. provision of construction and engineering services; and (ii) sales of building material projects. The Group's total revenue increased by approximately HK$154.8 million, or approximately 98.5%, from approximately HK$157.0 million for the year ended 31 March 2020 to approximately HK$311.8 million for the year ended 31 March 2021. During the year ended 31 March 2020, the government announced its intention to introduce a property vacancy tax on first-hand private residential properties, which slowed down the construction progress of residential properties. In late 2019, the Chief Executive announced in the Chief Executive's 2019 Policy Address that the cap on the value of the properties eligible for a mortgage loan of maximum cover of 90% loan-to-value ratio would be raised from HK$4 million to HK$8 million for first-time home buyers under the Mortgage Insurance Programme of the HKMC Insurance Limited. In light of this favourable government policy, developers have accelerated the construction progress of residential properties. Moreover, certain projects which had been temporarily suspended under the COVID-19 pandemic in late January 2020 had gradually resumed. With the combined effect of the above, the number of completed private residential properties has rebounded during the year ended 31 March 2021. Despite the keen competition from competitors with aggressive pricing strategies, the Group's effort in securing several projects with considerable contract sum has resulted in a significant increase in revenue.

The following table sets forth the details of the Group's revenue sources:

	For the year ended 31 March			
	2021		2020	
	HK$ million	**%**	HK$ million	%
Construction contracts	**268.7**	**86.2**	141.6	90.2
Sales of building materials	**43.1**	**13.8**	15.4	9.8
Total	**311.8**	**100.0**	157.0	100.0

Construction contracts

Property developers have speeded up the construction progress and number of private residential properties completed has increased for the year ended 31 March 2021, which overall resulted in an increase in revenue generated from provision of construction and engineering services by approximately HK$127.1 million, or approximately 89.7%, from approximately HK$141.6 million for the year ended 31 March 2020 to approximately HK$268.7 million for the year ended 31 March 2021. In particular, a project which has fallen behind schedule due to a change in main contractors in 2018 has resumed in April 2020 and contributed over HK$40 million revenue to the Group. The Group has also completed a project in supply and installation of over 20,000 square meters of SPC wall panels and over 12,000 square meters of gypsum blocks, and generated revenue over HK$30 million during the financial year.

Sales of building materials

With the proven quality of the Group's gypsum block products, sales of gypsum block products rebounded significantly from approximately HK$8.8 million for the year ended 31 March 2020 to approximately HK$19.7 million for the year ended 31 March 2021, representing an increase of approximately 123.4%. Apart from this, two wooden flooring projects have further contributed revenue of approximately HK$18.4 million for the year ended 31 March 2021. As a result, the overall sales of building materials increased by approximately HK$27.7 million, or approximately 180.1%, from approximately HK$15.4 million for the year ended 31 March 2020 to approximately HK$43.1 million for the year ended 31 March 2021.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK$262.9 million for the year ended 31 March 2021, representing an increase of approximately 86.1% (2020: approximately HK$141.3 million). Cost of sales and services mainly comprised material costs and subcontracting costs, which together accounted for approximately 98.5% (2020: approximately 98.7%) of the Group's total cost of sales and services for the year ended 31 March 2021.

The Group's material costs mainly comprises wooden flooring materials and gypsum block materials. The Group recorded an increase in material costs under cost of sales and services by approximately 85.3% for the year ended 31 March 2021, which was generally in line with the increase in revenue for the year ended 31 March 2021. The increase in material costs for the year ended 31 March 2021 was mainly derived from gypsum block materials, which has increased by approximately 313.7% and in line with the increase in revenue generated from gypsum block materials projects for the year ended 31 March 2021.

The Group recorded an increase in subcontracting costs under cost of sales and services by approximately 86.5% for the year ended 31 March 2021. As the Group has placed considerable effort in cost control, the increase in subcontracting costs charged on projects was generally less than the increase in revenue generated from provision of construction and engineering services.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$33.0 million, or approximately 209.1%, from approximately HK$15.8 million for the year ended 31 March 2020 to approximately HK$48.8 million for the year ended 31 March 2021, and the Group's gross profit margin increased from approximately 10.1% for the year ended 31 March 2020 to approximately 15.7% for the year ended 31 March 2021.

The gross profit and gross profit margin of the Group's projects were affected by a number of factors, including terms of contract, the length of contractual period, scope of work, technical complexity, variation orders (if any) and/or work programme, and therefore vary from project to project.

With the increase in competition from competitors with aggressive pricing strategies, the Group carefully estimated the gross profit of each project before accepting a new bid.

Other than the above factors, the increase in the Group's gross profit margin was attributable to the increase in proportion of the Group's revenue generated from sales of building material. In general, the gross profit margin of sales of building material projects is higher than that of the provision of construction and engineering services, as the labour cost in Hong Kong is generally much higher than the material cost which lowers the gross profit margin of provision of construction and engineering services. Given that the proportion of revenue contribution from sales of building materials projects increased from approximately 9.8% to 13.8% of the Group's total revenue for the year ended 31 March 2021, the Group's overall gross profit margin increased accordingly.

Other Income

With the receipt of wages subsidies of approximately HK$1.7 million from the Employment Support Scheme under the Anti-epidemic Fund launched by the government, despite no royalty income was generated during the year ended 31 March 2021 as compared to royalty income of approximately HK$0.8 million for the year ended 31 March 2020, the Group's other income increased significantly by approximately HK$1.7 million, or approximately 86.4%, from approximately HK$1.9 million for the year ended 31 March 2020 to approximately HK$3.6 million for the year ended 31 March 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly comprised business development expenses, transportation expenses and storage expenses. The total selling and distribution expenses incurred remained at approximately HK$8.8 million for the year ended 31 March 2021.

Administrative Expenses

The Group's administrative expenses slightly decreased by approximately HK$0.1 million, or approximately 0.3%, from approximately HK$31.0 million for the year ended 31 March 2020 to approximately HK$30.9 million for the year ended 31 March 2021. Staff cost has increased by approximately HK$0.8 million, as the average number of staff has been increased during the year ended 31 March 2021, and offset by no written off of prepayment to a supplier for the year ended 31 March 2021 (2020: approximately HK$0.8 million).

Finance Costs

The Group's finance costs slightly decreased by approximately HK$0.1 million, or approximately 3.2%, from approximately HK$1.7 million for the year ended 31 March 2020 to approximately HK$1.6 million for the year ended 31 March 2021, as the effective interest rate decreased during the year ended 31 March 2021.

Income Tax Credit/(Expenses) and Effective Tax Rate

The Group's income tax expenses switched from approximately HK$0.2 million for the year ended 31 March 2020 to income tax credit of approximately HK$0.2 million for the year ended 31 March 2021. The Group had accumulated tax losses to offset the assessable profits for the year ended 31 March 2021 and hence the income tax exposure is minimal.

Net Profit/(Loss) and Net Profit Margin

The Group's net profit turnaround from net loss of approximately HK$23.8 million for the year ended 31 March 2020 to net profit of approximately HK$11.3 million for the year ended 31 March 2021. The increase in net profit was mainly due to increases in revenue and gross profit as mentioned above.

The Group's net profit margins were approximately 3.6% and negative 15.2% for the year ended 31 March 2021 and 2020 respectively, and the increase in net profit margin was mainly due to reasons illustrated above.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group had normally funded its liquidity and capital requirements primarily through bank borrowings and net cash generated from operating activities.

Total equity and net current assets

The total equity of the Group mainly comprises share capital, share premium and reserves. The total equity of the Group as at 31 March 2021 was approximately HK$156.5 million (2020: approximately HK$145.2 million).

As at 31 March 2021, the Group's net current assets were approximately HK$95.2 million (2020: approximately HK$115.1 million).

Cash and cash equivalents

As at 31 March 2021, the Group had cash and cash equivalents of approximately HK$41.6 million (2020: approximately HK$59.3 million).

Bank borrowings

As at 31 March 2021, the Group had bank borrowings of approximately HK$35.9 million carried at floating interest rate (2020: approximately HK$41.4 million carried at floating interest rate).

Key financial ratios

	2021	2020
Gearing ratio	**23.3%**	29.2%
Current ratio	**2.2**	2.7

Gearing ratio: Gearing ratio is calculated based on the total debts (including all interest-bearing borrowings and loans, and lease liabilities) divided by the total equity as at the end of the reporting period.

Current ratio: Current ratio is calculated based on the total current assets divided by the total current liabilities.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from business operations, borrowings and the net proceeds received by the Company through the listing of its shares on the Main Board of the Stock Exchange in January 2018.

PLEDGE OF ASSETS

As at 31 March 2021, the Group's banking facilities were secured by properties with net carrying amount of approximately HK$52.7 million (2020: approximately HK$21.6 million) and pledged bank deposits of approximately HK$8.1 million (2020: approximately HK$8.1 million).

CAPITAL EXPENDITURE

During the year ended 31 March 2021, the Group acquired items of property, plant and equipment of approximately HK$33.4 million (2020: approximately HK$0.2 million).

CONTINGENT LIABILITIES

The Group provided guarantee of performance bonds in its ordinary course of business. As at 31 March 2021, the Group's contingent liabilities in relation to performance bonds were approximately HK$10.4 million (2020: approximately HK$7.7 million).

CAPITAL COMMITMENTS

The Group has no capital commitment as at 31 March 2021 (2020: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Fluctuating cash flows pattern

The Group may incur net cash outflows at the early stage of carrying out works when it is required to pay material costs and/or for subcontractors prior to receiving payment from customers. Customers will pay progress payments after works commenced and after such works have been certified by customers. Accordingly, the Group may experience net cash outflows to pay certain material costs and/or subcontractors' fees while the respective progress payments may not be received in the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while the Group has significantly less cash inflows, the Group's cash flow position may be adversely affected.

Inaccurate estimation on the cost and work programme of projects

As contracts from customers are normally awarded through successful tendering and acceptance of quotation offer, the Group needs to estimate the time and costs based on the tender documents or quotation requests provided by customers in order to determine the tender price or quotation. There is no assurance that the actual execution time and costs of the project would not exceed the Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by the Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by customers, delays in obtaining any required permits or approvals, disputes with subcontractors or other parties, accidents, changes in Hong Kong government policies and customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overspend or even termination of projects by customers, which in turn may adversely affect the Group's profitability and liquidity.

Irregular profit margin

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, scope of work, technical complexity, variation orders (if any), the efficiency of implementation of the contractual works and the general market conditions which are beyond the Group's control. As a result, the income flow and the profit margin of each project, which are largely dependent on the terms of the work contracts, may not be entirely regular and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, the Group's financial position could be adversely affected.

Failure to obtain new projects

The Group provides materials and/or relevant installation services to customers generally on a project-by-project basis. The Group's revenue from projects is non-recurring in nature. It cannot be guaranteed that the Group will continue to secure new projects from customers after the completion of the existing awarded projects.

Currency risk

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, Hong Kong dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its cost of sales and services are generally denominated in Hong Kong dollars, USD and EUR. Payments received by the Group from its customers are mainly denominated in Hong Kong dollars. The Group continues to monitor closely its exposure to currency movement and may take proactive measures where necessary.

Credit risk — Contract Assets

Contract assets represent a large portion of the Group's assets. The carrying amount of the Group's contract assets of approximately HK$74.6 million as at 31 March 2021 represents the maximum exposure to credit risk in relation to contract assets. In order to minimise the Group's credit risk exposure, the management of the Group is closely monitoring the contract assets and take follow up action if needed.

In assessing credit risk, the Company has taken into the following factors:

1. Recovery history of the counterparties;

2. Credit rating of the counterparties; and

3. Forward-looking factors of the market.

In addition, the Group has appointed an independent professional valuer in assessing the expected credit loss of contract assets as at 31 March 2021 to ensure impairment loss provided is adequate.

Subsequent to 31 March 2021 and up to 31 May 2021, approximately 26.1% of contract assets as at 31 March 2021 have been settled.

Customer concentration risk

During the year ended 31 March 2021, the Group's five largest customers in aggregate accounted for approximately 73.5% (2020: approximately 59.1%) of the Group's total revenue. The largest customer accounted for approximately 29.1% (2020: approximately 19.8%) of the Group's total revenue.

If there is a significant decrease in business engagements with the Group's major customers for whatever reasons, and Group is unable to obtain comparable business engagements as replacement, the financial conditions and operating results of the Group would be materially and adversely affected. Meanwhile, if any of the Group's five largest customers experiences any liquidity problems, it may result in delay or default of payments to the Group, which in turn would have an adverse impact on the cash flows and financial conditions of the Group.

Uncertainties in business environment

The reporting period has been a time of unprecedented changes in Hong Kong's social, political and economic environments which have created negative impact on many business sectors of the local economy including, inevitably, the construction and property development sectors. With the outbreak of the COVID-19 pandemic, the economy was severely disrupted by several waves of COVID-19 pandemic shutdowns. Even with the supportive government policies, such policies are one-off. The Group and its industry peers will face continued uncertainties in the Hong Kong market, as well as continued challenges from aggressive competition and rises in labour costs. Amidst this unusually adverse business landscape, the Group may continue to be adversely affected in terms of profitability and liquidity.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, including executive Directors, the Group had 34 full-time employees and 2 part-time employees (2020: 32 full-time employees and 1 part-time employee). The total staff costs incurred by the Group for the year ended 31 March 2021 were approximately HK$17.9 million (2020: approximately HK$17.1 million). The increase in staff costs was mainly due to increase in average number of staff.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. Other staff benefits include the provision of retirement benefits and sponsorship of training courses.

The emoluments of Directors and senior management were reviewed by the Remuneration Committee of the Board, having regard to the remuneration paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 27 August 2020, the Group entered into the a sale and purchase agreement with Mr. Lo Wing Cheung and Ms. Fung Pik Mei, the executive Directors (the "**Vendors**"), pursuant to which the Group has agreed to purchase, and the Vendors have agreed to sell 100% equity interest of Sun Warm Holding Company Limited ("**Sun Warm**") at a consideration of HK$32,300,000. As at the date of this report, the acquisition has completed. For further details of the acquisition, please refer to the announcement of the Company dated 27 August 2020 (the "**Announcement**") and the circular of the Company dated 22 September 2020 (the "**Circular**").

Save as the acquisition disclosed above, the Group had no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2021. Save as disclosed under the section headed "Future plans and use of proceeds" in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**") and under the section headed "Use of net proceeds from the Listing" in this report, there was no other plans for material investments or capital assets as at 31 March 2021.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing will be utilised in accordance with the proposed applications set out under the section headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and actual usage up to 31 March 2021:

Planned Use of net proceeds (as disclosed in the Prospectus)	Original allocation of net proceeds (as disclosed in the Prospectus) HK$ million	Utilised net proceeds as at 31 March 2020 HK$ million	Unutilised net proceeds as at 31 March 2020 HK$ million	Actual usage during the six months ended 30 September 2020 HK$ million	Unutilised net proceeds as at 30 September 2020 HK$ million	Re-allocation of unutilised net proceeds *(Note 1)* HK$ million	Actual usage during the six months ended 31 March 2021 HK$ million	Unutilised net proceeds as at 31 March 2021 HK$ million	Expected amounts to be utilised for the year ending 31 March 2022 HK$ million
Acquiring a property as a warehouse, workshop and showroom *(Note 1)*	29.9	–	29.9	–	29.9	32.3	32.3	–	–
Repayment of bank borrowings	27.8	27.8	–	–	–	–	–	–	–
Expanding capacity to undertake more projects	14.0	9.3	4.7	4.7	–	1.6	1.6	–	–
Expanding and strengthening the manpower	7.4	3.8	3.6	1.0	2.6	2.6	1.3	1.3	1.3
Refurbishment of the offices	5.1	3.9	1.2	–	1.2	–	–	–	–
Upgrading the information technology and project management systems	2.8	–	2.8	–	2.8	–	–	–	–
General working capital	9.4	9.4	–	–	–	–	–	–	–
Total	96.4	54.2	42.2	5.7	36.5	36.5	35.2	1.3	1.3

Note 1: *As disclosed above, the Group entered into a sale and purchase agreement with the Vendors on 27 August 2020 for the acquisition of Sun Warm at a consideration of HK$32,300,000. The main asset of Sun Warm is a property located at Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong (the "**Property**"). As disclosed in the Announcement and the Circular, the net proceeds of HK$29.9 million allocated for acquiring a property (as disclosed in the Prospectus) would be used to finance the acquisition of Sun Warm. Since the Property is already renovated and its information technology and project management systems remain in good condition, the acquisition of Sun Warm rendered the planned use of net proceeds towards the refurbishment of offices and upgrading of information technology and project management systems (as disclosed in the Prospectus) unnecessary. As disclosed in the Announcement and the Circular, such net proceeds has therefore be reallocated towards financing the remainder of the consideration and expanding the Group's capacity to undertake more projects. The Group intends to apply the unutilised net proceeds in accordance with the table above.*

Note 2: *All unutilised balances have been placed in licensed banks in Hong Kong.*

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the year ended 31 March 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Wing Cheung ("**Mr. Lo**"), aged 64, a controlling shareholder of the Company, has been the Chairman of the Board, an executive Director and Chief Executive Officer since June 2017. He is also the chairman of the Nomination Committee of the Company. He is the spouse of Ms. Fung Pik Mei and the father of Ms. Lo Pui Ying Janice.

Mr. Lo has over 35 years of experience in the construction industry in Hong Kong. He was the founder of the Group. He is primarily responsible for the Group's overall management, strategic planning and business development activities. Under the management of Mr. Lo, the Group gradually expanded its business and became engaged as the main supplier of building materials to many significant residential and commercial developments in Hong Kong over the past three decades.

Ms. Fung Pik Mei ("**Ms. Fung**"), aged 60, a controlling shareholder of the Company, has been an executive Director since June 2017. She is the spouse of Mr. Lo and the mother of Ms. Lo Pui Ying Janice. Ms. Fung joined the Group as a director of Kwan Tai Engineering Co., Limited (one of the Group's subsidiaries) in 1997 and was responsible for overseeing the day-to-day business operations of the Group, in particular the supervision of the project management team. Having been involved in the management of the Group for over 20 years, she has gathered extensive expertise within the industry, businesses of the Group and project management for all of the Group's operations.

NON-EXECUTIVE DIRECTOR

Mr. Wan Ho Yin ("**Mr. Wan**"), aged 43, was appointed as a non-executive Director since June 2017 and is mainly responsible for advising the internal audit function of the Group. He is also a member of the Audit Committee of the Board.

Mr. Wan graduated with a Bachelor degree of Business Administration in Accounting from the Hong Kong Baptist University in 1999. He is a member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants since 2003, and a member of Hong Kong Independent Non-Executive Director Association since May 2020. He has over 20 years of experience in audit and financial management. Since September 2014, he has been in the role of the chief financial officer and company secretary of Man King Holdings Limited (Stock Code: 2193), a company listed on the Main Board of the Stock Exchange.

Mr. Wan is serving as an independent non-executive director of Ganglong China Property Group Limited (Stock Code: 6968) since June 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDS")

Mr. Shu Wa Tung Laurence ("**Mr. Shu**"), aged 48, was appointed as an independent non-executive Director since December 2017. He is responsible for providing independent advice to the Board. He is the chairman of the Audit Committee and also a member of the Remuneration Committee and Nomination Committee of the Board.

Mr. Shu graduated from Deakin University, Australia in 1994 with a Bachelor degree in Business majoring in Accounting. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia since 1997. He has completed a CFO Programme at China Europe International Business School in 2009, and he is a life member of the Hong Kong Independent Non-Executive Director Association since May 2019. Mr. Shu has over 25 years of experience in audit, corporate finance, and financial management. From July 2010 to July 2018, Mr. Shu served as the chief financial officer of Petro-king Oilfield Services Limited (Stock Code: 2178), a company listed on the Main Board of the Stock Exchange and Mr. Shu served as the chief financial officer of Brainhole Technology Limited (Stock Code: 2203), a company listed on the Main Board of the Stock Exchange from August 2018 to November 2019. Since September 2020, Mr. Shu has been serving as the chief financial officer of ContiOcean Environmental Tech Co. Ltd.

Mr. Shu is serving as an independent non-executive director of Chengdu Expressway Co., Ltd (Stock Code: 1785) since November 2016, Riverine China Holdings Limited (Stock Code: 1417) since November 2017 and Goldstream Investment Limited (Stock Code: 1328) since December 2019.

Mr. Tam Wai Tak Victor ("**Mr. Victor Tam**"), aged 43, was appointed as an independent non-executive Director since December 2017. He is responsible for providing independent advice to the Board. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board.

Mr. Victor Tam graduated from the University of Glamorgan (now known as the University of South Wales) with a degree of Bachelor of Arts in accounting & finance (first class honours) in 2001. He is a fellow member of the Association of Chartered Certified Accountants since 2010 and a member of the Hong Kong Institute of Certified Public Accountants since 2005. He has over 15 years of experience in the field of auditing, accounting and financial management. Since January 2013, Mr. Victor Tam is serving as the financial controller and company secretary of Differ Group Holding Company Limited (Stock Code: 6878), a company listed on the Main Board of the Stock Exchange.

Mr. Victor Tam is serving as an independent non-executive director of Shun Wo Group Holdings Limited (Stock Code: 1591) since September 2016, an independent non-executive director of GT Steel Construction Group Limited (Stock Code: 8402) since June 2017 and served as an independent non-executive director of Cool Link (Holdings) Limited (Stock Code: 8491) from August 2017 to May 2019.

Mr. Tam Wing Lok ("**Mr. WL Tam**"), aged 45, was appointed as an independent non-executive Director since December 2017. He is responsible for providing independent advice to the Board. He is the chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee of the Board.

Mr. WL Tam graduated with a Bachelor of Science in Surveying from the University of Hong Kong in 1998. He became a chartered quantity surveyor in Hong Kong in 2002. Mr. WL Tam subsequently obtained a Bachelor of Laws degree in 2003 from the Manchester Metropolitan University (in collaboration with the University of Hong Kong's School of Professional and Continuing Education) by long distance learning. In 2005, he obtained a Postgraduate Certificate in Laws from the City University of Hong Kong. In 2009, Mr. WL Tam further obtained a Master of Laws in Arbitration and Dispute Resolution from the University of Hong Kong. He became qualified as a solicitor in the courts of Hong Kong in 2013.

Since August 2013, Mr. WL Tam has been working as a solicitor at Wong and Lawyers (formerly known as Chan & Associates), where he provides construction related legal services to his clients.

SENIOR MANAGEMENT

Mr. Ho Shing Chak Stephen ("**Mr. Ho**"), aged 66, is the technical advisor of the Group. He joined the Group in April 2017 and is mainly responsible for providing technical advice including material detailing and components sourcing, project management and installation advice for projects contemplated and undertaken by the Group.

Mr. Ho obtained a Bachelor of Arts in Architectural Studies in 1977 and a Bachelor of Architecture in 1980 both from the University of Hong Kong. Mr. Ho has been a Registered Architect in Hong Kong since 1983 and is registered as an authorised person and a registered inspector under the Buildings Ordinance (Cap. 123 of the laws of Hong Kong). He has been a member and a fellow of The Hong Kong Institute of Architects since 1983 and 1999 respectively. Mr. Ho is also licensed as a class 1 registered architect in the PRC since 2005. Mr. Ho has more than 40 years of experience in architectural practice and project management.

Ms. San Ying Ton Nicole ("**Ms. San**"), aged 42, is the marketing manager of the Group. She joined the Group in January 2016 and is mainly responsible for the management of sales and marketing operations of the Group. Ms. San has over 10 years of experience in the sales and marketing of building materials.

Ms. Lo Pui Ying Janice ("**Ms. Lo**"), aged 31, is the chief operating officer of the Group. She joined the Group in September 2016 as an administration manager and was promoted to her current position in December 2017 and is mainly responsible for overseeing the internal control policy in relation to the operational and administrative process of the Group.

Ms. Lo obtained a Bachelor of Science in Management and a Master of Science in Marketing & Strategy both from the University of Warwick in the United Kingdom in 2012 and 2013 respectively. She is a member of both the Chartered Governance Institute and Hong Kong Institute of Chartered Secretary since 2020.

Ms. Lo is the daughter of Mr. Lo and Ms. Fung, the executive Directors.

Mr. Chau Wing Wo ("**Mr. Chau**"), aged 37, is the financial controller of the Group and company secretary of the Company since April 2019. He joined the Group in April 2019 and is mainly responsible for overseeing the financial reporting and financial planning of the Group.

Mr. Chau obtained a Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong in 2007. He is a member of Hong Kong Institute of Certified Public Accountants since 2011. He has over 10 years of experience in the field of auditing and accounting.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. Save for the deviation from provision A.2.1 of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as disclosed below, the Company has adopted the CG Code as the Group's corporate governance practices. In the opinion of the Directors, the Company has complied with the applicable code provisions under the CG Code during the year ended 31 March 2021 except the following:

Pursuant to Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. However, the roles of the Group's chairman and CEO are both performed by Mr. Lo Wing Cheung. Mr. Lo is currently the chairman of the Board and the CEO, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lo has been responsible for the overall management of the Group since it was founded in 1980. The Board believes that the current management structure enables the Company to make and implement business decisions swiftly and effectively, which promotes the Group's development in line with its overall business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired due to the diverse background and experience of the non-executive Director and independent non-executive Directors. Further, the audit committee (the "**Audit Committee**"), which consists of three independent non-executive Directors ("**INED(s)**") and one non-executive Director, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Nomination Committee, and the Remuneration Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

During the year ended 31 March 2021 and up to the date of this annual report, the composition of the Board is as follows:

Executive Directors:
Mr. Lo Wing Cheung *(Chairman)*
Ms. Fung Pik Mei

Non-Executive Director:
Mr. Wan Ho Yin

INEDs:
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

To the best knowledge of the Directors, save and except that Ms. Fung is the spouse of Mr. Lo, there was no other relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The biographies of the Directors are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

During the year ended 31 March 2021, the Company has been in compliance with the requirements under rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three INEDs with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with rule 3.10A of the Listing Rules relating to the appointment of INEDs representing at least one-third of the Board.

As each of the INEDs has confirmed his independence pursuant to rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

All Directors, including the INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. INEDs are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Each Director was provided with the necessary training and information to ensure that he/she has proper understanding of the responsibilities under the Listing Rules and the applicable law, rules and regulations. The Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills. The Company will continue to arrange suitable training and regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

During the year ended 31 March 2021, all Directors pursued continuous professional development and relevant details are set out below:

Name of Director	Types of Training
Executive Directors:	
Mr. Lo	Attending Training Course
Ms. Fung	Attending Training Course
Non-Executive Director:	
Mr. Wan	Attending Training Course
INEDs:	
Mr. Shu	Attending Training Course
Mr. Victor Tam	Attending Training Course
Mr. WL Tam	Attending Training Course

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has signed a service contract with the Company for a term of two years commencing from their respective date of appointment subject to termination as provided in the service contract.

Each of the non-executive Director and INEDs has signed an appointment letter with the Company for a term of two years commencing from their respective date of appointment.

The appointments of executive Directors, non-executive Director and INEDs are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company (the "**Articles**") and the applicable Listing Rules. The procedures and process of appointment, re-election and removal of Directors are set out in the Articles.

In accordance with article 16.18 of the Articles, at every annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to article 16.2 or article 16.3 of the Articles shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

NOMINATION POLICY

The Board has adopted the Nomination Policy with effect from 1 January 2019 which sets out the criteria, process and procedures for the Nomination Committee to recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider the following factors in assessing the suitability of the proposed candidate(s): (a) reputation for integrity; (b) accomplishment, experience and reputation in the industry and other relevant sectors; (c) commitment in respect of sufficient time, interest and attention to the Company's business; (d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience in assessing and selecting proposed candidates for directorship; (e) the ability to assist and support management and make significant contributions to the Company's success; and (f) compliance with the criteria of independence for the appointment of an independent non-executive director as required under the Listing Rules.

The following nomination procedures should be followed:

- The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee itself may also nominate candidates for consideration.

- In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

- In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

BOARD MEETINGS, GENERAL MEETINGS AND ATTENDANCE OF DIRECTORS

The Company intends to hold Board meetings regularly, at least four times a year, and at approximately quarterly intervals.

Any Director who is not able to be present physically may participate at any Board meeting through electronic means of communication, such as telephone conference or other similar communication equipment, in accordance with the Articles.

Notice convening each regular Board meeting is sent at least 14 days in advance, and reasonable notice is given for other Board meetings. The company secretary of the Company assists the Chairman of the Board to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director not less than 3 days before the date of a Board meeting to enable the Directors to make informed decisions on the matters to be discussed, except when a Board meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

Minutes of Board meetings are recorded in sufficient details regarding the matters considered by the Board at the meeting and decisions reached. Draft minutes of board meetings are circulated to the Directors for review and the signed minutes are kept by the Company Secretary and open for inspection to any Director on request.

Each Director is expected to give sufficient time and attention to the affairs of the Company. The individual attendance records of each Director at the meetings of the Board and the Board Committees and the annual general meeting of the Company held during the year ended 31 March 2021 are set out below:

Directors

	No. of Meetings attended/ No. of Meetings held during the Director's tenure of office				
	Board	Remuneration Committee	Audit Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Lo	5/5	1/1	N/A	2/2	1/1
Ms. Fung	4/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Wan	5/5	N/A	2/2	N/A	1/1
INEDs					
Mr. Shu	5/5	1/1	2/2	2/2	1/1
Mr. Victor Tam	5/5	1/1	2/2	2/2	1/1
Mr. WL Tam	5/5	1/1	2/2	2/2	1/1

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to the executive Directors, non-executive Director and independent non-executive Directors, who have confirmed that they have complied with the Model Code for the year ended 31 March 2021.

BOARD COMMITTEES

The Board has set up three Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs.

Audit Committee

The Company's Audit Committee was established on 17 January 2018 with specific written terms of reference stipulating its authorities and duties, which are available on the websites of the Company and the Stock Exchange.

As at 31 March 2021, the Audit Committee comprised three INEDs, namely Mr. Shu, Mr. Victor Tam and Mr. WL Tam, and one non-executive Director, namely Mr. Wan. Mr. Shu is currently the chairman of the Audit Committee. Mr. Shu possesses the appropriate accounting qualifications and experiences in financial matters. The Company has complied with rule 3.21 of the Listing Rules in that the Audit Committee must comprise a minimum of three members and must be chaired by an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise as required in rule 3.10(2) of the Listing Rules.

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's report, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee risk management and internal control systems and internal and external audit functions.

The Audit Committee makes arrangement for holding at least two meetings and meeting external auditors twice to discuss the audit plan and to review the Company's annual report and accounts during each financial year. During the year ended 31 March 2021, the Audit Committee held two meetings to conduct the following works:

1) reviewed the audited consolidated financial statements, annual results announcement and annual report of the Group for the year ended 31 March 2020;

2) reviewed the unaudited consolidated financial statements, interim results announcement and interim report of the Group for the six months ended 30 September 2020;

3) reviewed and considered the independence, objectivity and the effectiveness of the audit/interim review process;

4) reviewed and considered the financial controls, risk management and internal control systems; and

5) reviewed and considered adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function.

It is confirmed that there is no disagreement between the Board and the Audit Committee's view on the re-appointment of external auditors, and they both have agreed to recommend the re-appointment of SHINEWING (HK) CPA Limited ("**SHINEWING**") as the Company's external auditor for the ensuing year at the 2021 annual general meeting of the Company.

Remuneration Committee

The Company's Remuneration Committee was established on 17 January 2018 with specific written terms of reference stipulating its authorities and duties, which are available on the websites of the Company and the Stock Exchange, and consists of a majority of INEDs. The purpose of the Remuneration Committee is to set policy on the remuneration of executive Directors' and senior management and for fixing remuneration packages for all Directors and senior management.

The main responsibility of the Remuneration Committee is to make recommendation to the Board on the remuneration policy and structuring for Directors and senior management and their remuneration package with reference to the Group's corporate goals and strategies. As at 31 March 2021, the Remuneration Committee comprised three INEDs, namely Mr. Shu, Mr. Victor Tam and Mr. WL Tam, and one executive Director, namely Mr. Lo. Mr. WL Tam is the chairman of the Remuneration Committee.

The Remuneration Committee meets at least once a year to review the remuneration of each Director and make recommendations to the Board. The Remuneration Committee held one meeting during the year ended 31 March 2021 for reviewing and making recommendations to the Board on discretionary bonus of Executive Directors and senior management of the Group for the year ended 31 March 2021, and reviewing and making recommendations to the Board on the remuneration package of Directors and senior management of the Group for the year ended 31 March 2021.

Executive Directors and senior management of the Company are entitled to discretionary performance-related bonus payments which are determined with reference to the Group's operating results and their respective individual performance. Particulars of the remuneration payable to each Director for the year ended 31 March 2021 are set out in note 12 to the financial statements of this annual report.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the senior management (excluding the Directors) by band for the year ended 31 March 2021 is set out below:

Within the band of	Number of individuals
Nil to HK$1,000,000	4

Nomination Committee

The Company's Nomination Committee consists of a majority of INEDs. It was established on 17 January 2018 with specific written terms of reference stipulating its authorities and duties, which are available on the websites of the Company and the Stock Exchange.

As at 31 March 2021, the Nomination Committee comprised three INEDs, namely Mr. Shu, Mr. Victor Tam and Mr. WL Tam, and one executive Director, namely Mr. Lo. Mr. Lo is the chairman of the Nomination Committee.

One of the major duties of the Nomination Committee includes reviewing the structure, size and diversity of the Board at least annually. It is believed that a truly diverse board will include and make good use of the differences in the skills, background, experience, knowledge, expertise and other qualities of members of the board. The other duties of the Nomination Committee include making recommendations on any proposed changes to the Board, identifying individuals suitable and qualified to become Directors and making recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Committee meets at least once a year. The Nomination Committee held two meetings during the year ended 31 March 2021 to conduct the following works:

1) reviewed the structure, size and composition of the Board;

2) reviewed the Board Diversity Policy;

3) reviewed the Nomination Policy;

4) reviewed the independence of independent non-executive Directors and time commitment of Directors; and

5) making recommendations to the Board on re-appointment of Directors.

Board Diversity Policy

The Company had adopted a Board diversity policy which aims to set out the approach to achieve the diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has in its composition a balance of skills and experience necessary for decision making and fulfilling its business needs. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. The Nomination Committee will follow a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon possible contribution that the selected candidates will bring to the Board. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions set out in code provision D.3.1 of the CG Code:

1) to formulate and review the Group's corporate governance policies and practices;

2) to review and oversee the training and continuous professional development of Directors and senior management of the Group;

3) to review and oversee the Group's policies and practices in compliance with any requirements, guidelines and rules that may be imposed by the Board or which may be incorporated into any constitutional documents of the Group or which may have been provided by the Listing Rules, applicable laws and other regulatory requirements as well as by applicable institutional governance standards;

4) to formulate, review and oversee the code of conduct and the compliance handbook (if any) of the employees and Directors of the Group; and

5) to review the Group's compliance with the CG Code as adopted by it from time to time and the disclosure in the Corporate Governance Report as set out in the annual reports of the Company.

DIRECTORS' AND AUDITORS RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that the appropriate accounting policies are selected and applied consistently. The reporting responsibilities of the Company's external auditor on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 50 to 54 of this annual report. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

NON-COMPETITION UNDERTAKING OF THE CONTROLLING SHAREHOLDERS

On 19 December 2017, controlling shareholders of the Company, namely Mr. Lo Wing Cheung, Ms. Fung Pik Mei and Helios Enterprise Holding Limited (collectively the "**Controlling Shareholders**") has executed the deed of non-competition (the "**Deed of Non-competition**") in favour of the Company. As confirmed by the Controlling Shareholders, they have not engaged in any business which competed or might compete with the business of the Group and they have complied with the undertakings given under the Deed of Non-competition in respect of the year ended 31 March 2021. The INEDs further confirmed that they have reviewed the terms of the Deed of Non-Competition and considered the compliance status of the same by the Controlling Shareholders and are satisfied that the Controlling Shareholders have complied with the terms of the Deed of Non-Competition throughout the year ended 31 March 2021.

AUDITOR'S REMUNERATION

During the year, the Group's external auditors, SHINEWING, and its affiliated firm, provided assurance service and non-assurance service to the Group. Details of the fees paid/payable to SHINEWING and its affiliated firm during the year ended 31 March 2021 are as follows:

	HK$
Assurance service	750,000
Non-assurance service	
— Interim review	280,000
— Taxation	26,300
	1,056,300

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing the effectiveness of such systems through the Audit Committee on an annual basis. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than to eliminate the risk of failure to achieve the Group's business objectives.

The Group has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

The Group has an internal audit function which is primarily responsible for developing various internal control manuals and procedures, conducting reviews on the key operational processes and the related internal controls to ensure compliance with the Group's risk management and internal control policies and procedures.

During the year ended 31 March 2021, the Group appointed Zhonghui Anda Risk Services Limited ("**Zhonghui**") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and
- independently perform internal control review and assess effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by Zhonghui to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were considered by the Board where appropriate. Based on the findings and recommendations of Zhonghui as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems of the Group effective and adequate.

The Audit Committee has also reviewed and is satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function.

Procedures and controls over handing and dissemination of inside information

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance (the "**SFO**") and the Listing Rules. An Inside Information Policy has been established to lay down guidelines on definition of inside information, compliance and reporting mechanism of inside information. All members of the Board, senior management, and staff who are likely to possess inside information are strictly bound by this policy. Staff who have access to inside information are required to keep such unpublished inside information confidential until relevant announcement is made. Failure to comply with such requirements may result in disciplinary actions.

COMPANY SECRETARY

The role of the company secretary of the Company was performed by Mr. Chau. The company secretary is responsible for facilitating the Board's communications among Board members, the Shareholders and the management of the Company and ensuring the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Mr. Chau has confirmed that he took not less than 15 hours of relevant professional training during the year ended 31 March 2021 in compliance with rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication, the Company adopts a shareholders communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.kwantaieng.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

The Group is mindful of Shareholders' interest to ensure that they are treated fairly and are able to exercise their Shareholders' rights effectively. Shareholders' rights are entitled by the Articles and Shareholders are also encouraged to participate in the Company's general meetings.

Convening of extraordinary general meeting

In accordance with the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an extraordinary general meeting (the "**EGM**") to be called by the Directors for the transaction of any business specified in such requisition. Such requisition shall be made in writing to the Board or the company secretary of the Company which is situated at Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for putting forward proposals by Shareholders at Shareholders' meeting

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of the proposal (the "**Proposal**") with his/her/its detailed contact information at the Company's headquarters and principal place of business of the Company in Hong Kong, with a copy of the Proposal served to the Company's Hong Kong branch share registrar at their respective address.

The request will be verified with the Company's Hong Kong branch share registrar and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong.

POLICY ON PAYMENT OF DIVIDENDS

The Board has adopted the policy with effect from 1 January 2019 that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company currently does not have any pre-determined dividend distribution ratio and may declare dividends by way of cash or scrip or by other means that the Directors consider appropriate. A decision to declare any interim dividend or recommend any final dividend would require the approval of the Board and depend upon the following factors:

(a) the Group's financial results;

(b) the shareholders' interests;

(c) general business conditions, strategies and future expansion needs;

(d) the Group's capital requirements;

(e) the payment by its subsidiaries of cash dividends to the Company;

(f) possible effects on liquidity and financial position of the Group; and

(g) other factors as the Board may consider appropriate.

REPORT OF THE DIRECTORS

The Board presents to the Shareholders this annual report together with the audited financial statements of the Company and the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements. There was no significant change in the Group's principal activities during the year ended 31 March 2021.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 55.

No interim dividend was paid to the shareholders of the Company during the year ended 31 March 2021 (2020: nil).

The Board recommends the payment of a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2021, amounting to HK$8,000,000 to the shareholders whose names appear on the Register of Members of the Company on Monday, 6 September 2021. The proposed final dividend is subject to approval by shareholders of the Company at the forthcoming annual general meeting to be held on Tuesday, 24 August 2021.

CHARITABLE DONATIONS

No charitable donations have been made by the Group during the year ended 31 March 2021 (2020: HK$13,000).

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company had reserves which amounted to approximately HK$145.1 million (2020: HK$137.1 million) available for distribution as calculated based on the Company's share premium, other reserves and accumulated losses under applicable provisions of the Companies Law in the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2021 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year ended 31 March 2021 in the share capital of the Company are set out in note 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the year ended 31 March 2021.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 120. This summary does not form part of the audited financial statements.

BUSINESS REVIEW

The review of the business of the Group during the year ended 31 March 2021 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties faced by the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis" of this annual report. The financial risk management objectives and policies of the Group are set out in note 6 to the consolidated financial statements. In addition, discussions on the Group's relationships with key stakeholders, environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are as follows:

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group's success depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

The Group is committed to establish a close and caring relationship with its employees. The Group provides a fair and safe workplace, promotes diversity to staff and provides competitive remuneration, benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to employees so that they can keep abreast of the latest development of the market and the industry, and improve their performance and self-fulfillment in their respective positions.

Customers and suppliers

The major customers of the Group include some of the major main contractors in Hong Kong. Many of the Group's five largest customers and suppliers have established long term business relationship with the Group. The Directors believe that such long-term relationships represent confidence and trust from business partners and acknowledgement of the Group's ability.

The Group recognises the importance of maintaining good relationships with customers, suppliers and subcontractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communications and shared business updates with business partners when appropriate.

During the year ended 31 March 2021, the Group's five largest customers in aggregate accounted for approximately 73.5% (2020: approximately 59.1%) of the Group's total revenue. The largest customer accounted for approximately 29.1% (2020: approximately 19.8%) of the Group's total revenue.

During the year ended 31 March 2021, the Group's five largest suppliers in aggregate accounted for approximately 45.1% (2020: approximately 48.0%) of the Group's total cost of sales and services. The largest supplier accounted for approximately 20.2% (2020: approximately 29.7%) of the Group's total cost of sales and services.

During the year ended 31 March 2021, the Group's five largest subcontractors in aggregate accounted for approximately 39.1% (2020: approximately 38.3%) of the Group's total cost of sales and services. The largest subcontractors accounted for approximately 24.1% (2020: approximately 25.3%) of the Group's total cost of sales and services.

To the best of the knowledge of the Directors, 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 share capital had an interest in these major customers, suppliers and subcontractors.

ENVIRONMENTAL POLICIES

The environmental policies of the Group are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Directors confirmed that during the year ended 31 March 2021 and up to the date of this annual report, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in the jurisdictions which the Group operates.

DIRECTORS

The Directors of the Company during the year ended 31 March 2021 and up to the date of this report were:

Executive Directors
Mr. Lo Wing Cheung *(Chairman)*
Ms. Fung Pik Mei

Non-executive Director
Mr. Wan Ho Yin

INEDs
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

Information regarding Directors' emoluments are set out in note 12 to the consolidated financial statements.

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

In accordance with article 16.2 of the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to article 16.18 of the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Accordingly, Mr. Shu and Mr. Victor Tam will retire by rotation at the forthcoming annual general meeting of the Company. All, being eligible, offer themselves for re-election.

The Company has received from each of the INEDs, an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a fixed term of 2 years and shall continue thereafter until terminated by not less than 3 months' written notice to the other party.

The non-executive Director and each of the INEDs has entered into a letter of appointment with the Company for a fixed term of 2 years. The appointment is subject to termination under certain circumstances as stipulated in the said letter of appointment, and the provisions of the Articles with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Each of the executive Directors, non-executive Director and INEDs is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles.

Apart from the foregoing, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transaction" of this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2021.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transaction" of this report, no contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year ended 31 March 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted. The Company has also arranged appropriate liability insurance in respect of legal action against the Directors. The relevant provisions in the Articles and the aforesaid liability insurance was in force during the year ended 31 March 2021 and as of the date of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 March 2021.

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

As at 31 March 2021, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the "**Shares**"), or any of the associated corporations (within the meaning of Part XV of the SFO) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or shall be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or shall be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Percentage of shareholding
Mr. Lo Wing Cheung ("**Mr. Lo**")	Interest in a controlled corporation *(Note)*	588,000,000	73.50%
Ms. Fung Pik Mei ("**Ms. Fung**")	Interest in a controlled corporation *(Note)*	588,000,000	73.50%
Mr. Wan Ho Yin	Beneficial owner	88,000	0.01%

*Note: These 588,000,000 Shares are held by Helios Enterprise Holding Limited ("**Helios**"), a company incorporated in the BVI and owned as to 70% by Mr. Lo and 30% by Ms. Fung. Therefore, Mr. Lo and Ms. Fung are deemed to be interested in all the Shares held by Helios for the purposes of the SFO.*

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) who had interests or short positions in the Shares, the underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held (L)	Percentage of shareholding
Helios	Beneficial owner	588,000,000	73.5%

Note: The letter "L" denotes long position in the Company's Shares.

Save as disclosed above, as at 31 March 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 19 December 2017. From the date of the adoption of the Share Option Scheme and up to the end of the reporting period, no share option has been granted, or agreed to be granted, under the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward its employees, Directors and other selected participants for their contributions to the Group.

2. Participants of the Share Option Scheme and the Basis of Determining the Eligibility of the participants

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option, to any Director(s) (including executive Directors, non-executive Director and INEDs) and employee(s) of any member of the Group and any advisers, suppliers, customers, business partners of any member of the Group who the Board considers, in its absolute discretion and on such terms as it deems fit, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme.

3. **Grant of options**

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any participant as the Board may in its absolute discretion select. The offer shall specify the terms on which the option is granted. Such terms may include any minimum periods for which an option must be held and/or any minimum performance targets that must be reached, before the options can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed (or not imposed) either on a case by case basis or generally.

4. **Payment on acceptance of option offer**

An offer shall remain open for acceptance by the participant concerned for a period of 21 days from the date of the offer. HK$1.00 is payable by the participant who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme (the "**Grantee**") to the Company on acceptance of the offer of the option.

5. **Subscription price**

The subscription price shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant (provided that in the event that any option is proposed to be granted within a period of less than 5 business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the offer of new Shares shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and

(c) the nominal value of a Share on the date of grant.

6. **Option period**

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each Grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

7. **Maximum number of Shares subject to options**

(a) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time;

(b) The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 80,000,000 Shares, representing 10% of the aggregate of the Shares in issue on the Listing Date (the "**General Scheme Limit**");

(c) The Company may refresh the General Scheme Limit at any time subject to prior Shareholders' approval. However, the General Scheme Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed;

(d) The Company may also seek separate Shareholders' approval for granting options beyond the General Scheme Limit to participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought;

(e) The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12 month period shall not exceed 1% of the Shares in issue (the "**Individual Limit**"). Any further grant of options to a participant which would result in the Shares issued, and to be issued, upon exercise of all options granted, and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to Shareholders' approval in advance, with such participant and his close associates (or his associates if such participant is a connected person) abstaining from voting.

CONNECTED TRANSACTION

During the year under review and up to the date of this annual report, the Group entered into the following transaction as described below with persons who are regarded as "connected persons" pursuant to Chapter 14A of the Listing Rules:

Acquisition of a property holding company

On 27 August 2020, Fortuna Enterprise Holding Limited (a direct wholly-owned subsidiary of the Company) ("**Fortuna**") and the Vendors entered into a sale and purchase agreement, pursuant to which Fortuna has agreed to purchase, and the Vendors have agreed to sell, the entire issued share capital of Sun Warm at a consideration of HK$32,300,000. The main asset of Sun Warm is the Property which is located at Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong and is used as office, workshop and warehouse by the Group.

The Vendors are executive Directors and the controlling shareholders of the Company. They are therefore connected persons of the Company and the acquisition of Sun Warm constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules. For further details of the acquisition, please refer to the Announcement and the Circular.

The Company has complied with applicable reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the aforesaid transaction.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the year ended 31 March 2021 are set out in note 35 to the consolidated financial statements. Other than the above-mentioned acquisition of Sun Warm, the other related party transactions entered into by the Group during the year are continuing connected transactions which are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

Save for contract of service with the Directors, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year ended 31 March 2021.

COMPETING BUSINESS

During the year ended 31 March 2021, none of the Directors or the controlling shareholders of the Company and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under rule 8.10 of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Board on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details are set out under the paragraph headed "Share Option Scheme" in this annual report.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of the Company or the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SUFFICIENT OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained sufficient public float throughout the year ended 31 March 2021 as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save for disclosed elsewhere in this annual report, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2021 and up to the date of this annual report.

AUDITOR

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

On behalf of the Board

Lo Wing Cheung
Twintek Investment Holdings Limited
Chairman

Hong Kong, 25 June 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the Environmental, Social and Governance Report (the "**ESG Report**") published by Twintek Investment Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"). In accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited, this report describes the initiatives and performance of the Group with regard to the issues identified during the year ended 31 March 2021.

This ESG Report summarises the environmental, social and governance ("**ESG**") initiatives, plans and performances of the Group.

The Group is committed to develop sustainably in accordance with the ESG management principles by building the Group as an open, transparent and fair enterprise with due consideration of the environmental and social responsibilities with its business objectives, planning and operation. We will keep working towards achieving long-term sustainable growth of our business while safeguarding stakeholders' interests.

REPORTING SCOPE AND PRINCIPLES

This ESG Report focuses on the operation of the Group's business segment of sales of building materials and provision of construction and engineering services, The information published in this ESG Report covers the period from 1 April 2020 to 31 March 2021, unless otherwise stated, which is the same as the financial year covered in the Group's annual report for the year ended 31 March 2021.

This report is prepared in accordance with the following reporting principles:

- Materiality: The Group identified key ESG topics through stakeholder engagement and materiality assessment, which has been disclosed in this ESG Report;
- Balance: The ESG Report presented the Group's environmental and social performance in an unbiased manner;
- Quantitative: Information on the standards, methodologies and source of conversion factors used for the reporting of emission and energy consumption has been disclosed in this ESG Report;
- Consistency: The methodology for disclosing key environmental performance indicators is consistent with that of the previous year.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data are extracted from or calculated based on the Group's audited annual financial statements for the year ended 31 March 2021.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The long-term success of the Group is built upon commitment with responsibility towards stakeholders. The Directors also believe that it is essential for the Group to be environmentally responsible and to meet customers' demands in environmental protection and at the same time meeting the community's expectation for a healthy living and working environment. Communication with various stakeholders allow the Group to have a better understanding on stakeholders' needs and expectations with its business practice and manage different stakeholders' opinions. The Group constantly communicates with key internal and external stakeholders via various channels. This ensures that they have the opportunity to learn about the Group's development and operation directions and offers the Group an opportunity to listen to them in order to identify the issues and develop corresponding policies.

The below table highlights the key stakeholders and the communication channels:

Major stakeholder groups	Requirements and expectation	Response and key communication channels
Shareholders and investors	Steady Returns Operation compliance Transparency and effective communication	Annual general meeting Regular corporate publications including financial statements Circulars and announcements whenever necessary Emails, telephone conversation and company website
Employees	Protection of rights Occupation health Remuneration and benefits Career development	Internal meetings whenever needed Email communication Training and workshop Performance review
Suppliers and subcontractors	Operate with integrity Equal rivalry Performance of contracts	Meetings On-site audit Management system
Customer	Outstanding products and services Health and safety Performance of contracts Operate with integrity	Setup customer service hotline Meeting with customers Hold marketing and promotion activities Regular update company website
Media and public	Corporate governance	Issue of announcement and update company website
Community	Enhancement of community environment Participation in charity	Community activities Charitable activities like donations ESG reports

Materiality assessment

Through stakeholder engagement processes based on the aforementioned channels, the Group has conducted a comprehensive materiality assessment with its stakeholder groups to identify corresponding ESG issues with reference to the ESG Reporting Guide, and assess their materiality to the Group's operations.

- Step 1 identify: the Group carries out an initial screening of the ESG Reporting Guide to identify the material sustainability issues.
- Step 2 prioritise: the Group invites internal and external stakeholders to rank and the materiality of the issues identified in Step 1. Results of the stakeholder engagement are compiled and analysed.
- Step 3 finalise: the Group's senior management discusses the results of Steps 1 and 2 for finalising and confirming the list of material issues to be disclosed in this Report.
- Step 4 review: the Group regularly reviews sustainability issues and their corresponding impact on the Group's operations to ensure relevance and materiality to the Group on a continuous basis.

For the current year, the material ESG issues identified by the Group and its stakeholders are as below:

Subject area	Most material aspects within the subject area
Social — Operating practices	Ensuring service and product quality
	Protecting customers' personal data
Social — Employment and labour practices	Providing a safe working environment
	Ensuring employees' occupational health and safety
Environmental	Focusing on enhancing products with eco-friendly elements

The Group is committed to monitor the above aspects and will continue to keep close communication with its stakeholders for better ESG performance, and more effective ESG risk management and internal control system.

ENVIRONMENT

The Group is committed to minimising negative impact caused by its operations on the environment.

With the understanding that the establishment of organisation and management approach for internal environmental management is crucial towards sustainable development, the Group has developed a system under the Environmental Management System Manual by reference to ISO14001 for the supply and installation of the Group's products of timber flooring, gypsum blocks and timber door. The system defined the Group's commitment, policies, objectives, division of responsibilities, control procedures and monitoring and auditing systems in environmental management. The Group has been awarded the ISO:14001:2015 certification since 2019. Environmental policies have been communicated to all personnel concerned within the organisation to ensure that all are aware of the relevance and importance of their activities and how they contribute to the achievement of the environmental objectives under their respective functions and the organisation.

Emissions

Air emissions

The major source of the Group's air pollutants was private cars use, involving air emissions of Nitrogen Oxides, Sulphur Oxides and Respirable Suspended Particles. With the increase in business activities during the year ended 31 March 2021, the air emissions increased accordingly.

Air pollutants	**2021 Total Emission (kg)**	2020 Total Emission (kg)
Nitrogen Oxides ("**NOx**")	**6.79**	2.96
Sulphur Oxides ("**SOx**")	**0.12**	0.04
Respirable Suspended Particles ("**RSP**")	**0.50**	0.22

Greenhouse Gas ("GHG") emissions

The Group generates direct GHG through burning of petrol from its use of private cars. Indirect GHG emissions are generated from purchased electricity and purchases of gypsum block products from Germany by vessels.

A total of 4,805.6 tonnes CO_2-e GHG were emitted for the year ended 31 March 2021. Compared to 1,386.8 tonnes CO_2-e GHG were emitted for the year ended 31 March 2020, the increase in CO_2-e GHG emitted is directly related to the increasing demand for the gypsum block products. The table below summarises the scope and activities of GHG emissions for the years ended 31 March 2021 and 2020.

Scope	Activity	**2021 GHG emission (tonnes CO_2-e)**	**2021 %**	2020 GHG emission (tonnes CO_2-e)	2020 %
Scope 1	Direct emissions — Consumption of petrol	**21.4**	**0.4**	8.2	0.6
Scope 2	Energy indirect emissions — Purchased electricity	**46.5**	**1.0**	47.2	3.4
Scope 3	Other indirect emissions — Shipping of gypsum block products from Germany	**4,737.7**	**98.6**	1,331.4	96.0
	Total	**4,805.6**	**100.0**	1,386.8	100.0

Waste

To the best of the Group's knowledge, the Group did not generate any hazardous waste during the year ended 31 March 2021. Non-hazardous waste including domestic garbage and office paper arises in the Group's daily office operations.

Use of Resources

The Group used a wide range of resources including electricity for daily operations and fuel consumption from private car use. For energy use, purchased electricity was the largest type of energy end-use, mainly for electrical appliances at the Group's headquarters.

The consumption data and consumption intensity for the years ended 31 March 2021 and 2020 are summarised below:

	2021		2020	
Use of resources	**Consumption**	**Intensity (per employee)**	Consumption	Intensity (per employee)
Electricity	**58,829 kWh/m^2**	**1,634.14 kWh/m^2**	59,716 kWh/m^2	1,809.6 kWh/m^2
Petrol	**7,906.1 litres**	**219.6 litres**	3,030.4 litres	91.8 litres
Water	**315 m^3**	**8.8 m^3**	50.0 m^3	1.5 m^3
Packaging material	**Nil**	**Nil**	Nil	Nil

The Group recognises that a core component of maintaining sustainable development is to manage its use of resources. Hence, the Group has adopted various measures to reduce the wastage of resources:

Resources	**Measures**
Energy	• Switch off electrical appliances and systems when not in use • Select and procure high energy efficiency equipment certified with grade 1 energy labels by the Electrical and Mechanical Services Department • Maintain and repair electrical appliances regularly
Paper	• Set up recycling points to collect used paper • Encourage use of both sides of paper
Water	• Monitor water consumption regularly for any irregularities • Repair dripping faucets in a timely manner

During the year ended 31 March 2021, the Group has participated in the Energy Saving Charter 2020 organised by the Electrical and Mechanical Services Department and committed to maintain an average indoor temperature between 24–26°C during the summer months of June to September in 2020. The Group is also committed to switching off electrical appliances and systems when not in use and procuring energy efficient electrical appliances (such as Grade 1 energy labels) and systems, and encourages employees to adopt the above energy saving practices together.

The Environment and Natural Resources

The Group is devoted to being environmentally friendly and is one of the responsible enterprises in the building and construction industry. To promote responsible management of the world's forests, the Group has obtained the certification issued by the Forest Stewardship Council (the "**FSC**") by encouraging the Group's customers to select FSC certified wood flooring products, wood doors and furniture. In addition, the Group's gypsum block product was certified as Green Building product with platinum rating under the Hong Kong Green Building Council Green Product Accreditation and Standards (HK G-PASS).

The Group is committed to continue focusing on enhancing its existing products with eco-friendly elements to demonstrate its determination on environmental protection and respond to the community's increasing concern on this topic.

Additionally, the Group will perform regular reviews to ensure emission and energy objectives are met and continue to encourage staff participation on environmental protection concept via workshops.

The Group is committed to monitoring and managing its environmental footprint. During the year ended 31 March 2021, the Group was not aware of any non-compliance or violation of environmental laws and regulations regarding emission and discharge from relevant Government authorities.

EMPLOYMENT AND LABOUR PRACTICES

Working environment

The Group has developed a working environment in which management and employees work together in a cooperative and responsible manner, striving to adopt the best social practices and maintain good employee relations.

Talent management

The Group offers attractive remuneration package to its employees, including basic salary, bonus, medical insurance and other subsidies such as training and education. In addition to statutory holidays, the Group offers employees additional holiday/leave such as marriage leave, examination leave and compassionate leave. Compensation for occasional overtime work, by means of alternative leave or allowance, will also be granted.

To retain and motivate employees, the Group offers career development opportunities to all of them. Specifically, the Group conducts annual appraisal for all employees as an indicator of their review of work performance.

The Group strives to maintain high standard of business ethics and employee's good personal conduct. The Group's employee handbook and internal control manual are readily accessible to all employees.

Equal opportunity and anti-discrimination

The Group strove to optimise the system of human resources management to promote fairness and equality within the workplace, human resources policy has been established to ensure there is no discrimination on the grounds of age, gender, marital status, family status, sexual orientation, disability, ethnic group, nationality or religion. In accordance with our human resource policy, the above factors are not considered in the decision-making process of employment, remuneration, and promotion.

The Group would ensure strict compliance with all relevant regulatory standards, particularly the Employment Ordinance and Employees' Compensation Ordinance, and the Directors confirm that the Group has no material non-compliance in respect of the applicable labour laws and regulations in Hong Kong.

As at 31 March 2021, including the executive Directors, the Group has a total of 36 employees. The formation of our staff was as follows:

Year			2021	2020
Number of work force	Total employees		**36**	33
	By age group	Below 30	**5**	6
		30–50	**19**	15
		Over 50	**12**	12
	By gender	Male	**17**	14
		Female	**19**	19
	By work hours	Full-time	**34**	32
		Part-time	**2**	1

Year			2021	2020
Turnover	Total		**8**	9
	By age group	Below 30	**2**	4
		30–50	**4**	3
		Over 50	**2**	2

Year			2021	2020
New Employment	Total		**11**	9
	By age group	Below 30	**2**	4
		30–50	**7**	3
		Over 50	**2**	2

Health & Safety

The Group adopts a policy for maintaining a healthy and safe working environment to the employees of the Group and subcontractors, and has established effective occupational health and safety ("**OHS**") measures under the OHSAS 18001 certification. The OHS management system applies to office and site employees, as well as sub-contractors to ensure comprehensive and effective OHS management across value chain.

To achieve the purposes and principles above, the Group will continue to:

— Comply with all local health, safety and environmental legislation as a minimum.

— Identify and evaluate all health, safety and environmental hazards and establish controls and techniques to manage risk to acceptable levels.

— Establish and update, as appropriate, health, safety and environmental practices relevant to the impact of the Group's activities in order to drive and demonstrate continual improvement.

— Continue to initiate, develop, record, measure and communicate progress on health and safety performance throughout the organisation.

— Require our contractors to also comply with all site health, safety and environmental requirements and work with our partners to achieve comparable health, safety and environmental standards.

— Provide resources in line with the priority the Company places on health and safety.

— Regular review of the OHS policies.

Construction site safety measures and practices
To prevent accidents leading to work-related injuries at construction site, safety measures and practices are implemented to control and eliminate risks of all kinds which includes the provision of personal protective equipment and the establishment of safety working procedures. Personal protective equipment is also distributed to the Group's employees as well as employees of the Group's subcontractor. The Group's project coordinators are responsible for ensuring proper use and maintenance of the equipment.

Office safety measures
At the Group's office, indoor air purification system has been installed to maintain the optimal level of indoor air quality for the Group's employees.

Specific OHS measure against COVID-19
As a specific OHS measure to minimise the impact of COVID-19 over the Group's employee's health, the Group adopted several preventive measures, including but not limited to (i) flexible working hours and work from home arrangement, (ii) taking strict measures on disinfection and cleaning of the Group's office, (iii) closely monitoring the Group's employee for signs and symptoms of COVID-19, (iv) provide regular check-up to staff, and (v) provide free disinfecting products and equipment to employees.

OHS statistics	**Year ended 31 March 2021**	Year ended 31 March 2020
Number of lost days due to injury	**Nil**	Nil
Number of work-related fatalities	**Nil**	Nil
Number of work injuries	**Nil**	1

During the year ended 31 March 2021, the Group was not aware of any fatal accident or reportable accident on construction sites, or any non-compliance with laws and regulations related to health.

Training & Development
The Group treasures human resources and is committed to providing training and development programmes to enhance staff knowledge and skills, which ultimately creates value to the Group's business operations and support future growth.

To enhance employees' work performance, the Group provides internal and external training courses ranging from professional and technical training to personal development skills. The Group also encourages relevant personnel to keep abreast of latest developments and best practices in the industry via training and workshops.

Labour Standards
Forced labour and child labour are ethical issues relating to infringement of basic human rights and put the Group's reputation at risk. The Group strictly prohibits the use of forced and child labour. The Group complies with Employment Ordinance (Chapter 57 of the Laws of Hong Kong) to avoid child and forced labour in its operations. During the recruitment process, all candidates' identification documents are fully examined and verified to ensure that only employees over the age of 16 will be recruited. Such practice is extended to the workers hired by the Group's sub-contractors.

In the case that any of the Group's subcontractors is involved in hiring child labour and this comes into the Group's knowledge, the concerned subcontractor will be banned or suspended from submitting tenders for the Group's future projects.

During the year ended 31 March 2021, the Group fully complied with laws and regulations relating to employment, providing a safe working environment and protecting employees from occupational hazards, as well as preventing child and forced labour.

OPERATING PRACTICES

Supply Chain Management

Supply chain management is essential to the quality control system of the Group.

The Group has established various procedures to ensure that capable and competent suppliers and subcontractors are maintained in the Group's Supplier/Subcontractor Register to ensure effective and efficient project operation. The procurement team maintains a master list of all suppliers and subcontractors and the Group's selection is based on their previous experience, skills, present work load, price quotation and work quality. The procurement team evaluates the suppliers' and subcontractors' performance on a yearly basis by conducting annual performance appraisal together with the project team of the Group.

Suppliers and subcontractors with unsatisfactory performance will be banned or suspended from submitting tenders for the Group's future projects. The assessment relates to the existence and performance of suppliers' and subcontractors' environmental, health and safety system which is also included in the annual performance appraisal.

During the year ended 31 March 2021, the Group did not experience material shortage of building materials and did not experience any delay in supply of materials purchased from suppliers.

Product Responsibility

(i) Quality and Safety

The Group attaches importance to the quality and safety of products and its installation projects.

The Group has established a comprehensive management system and was awarded ISO9001:2015 certification for the supply and installation of the Group's products of timber flooring, gypsum blocks and timber door since 2017. In addition, the Group was awarded the FSC's Chain of Custody certification, a proof of the Group's value on product quality and sustainability of forest operations. The Group undergoes regular audit from the certification body each year to ensure that the Group's management measures comply with relevant audit requirements and standards.

The Group ensures that the timber flooring products conform to all applicable legislations to avoid the illegal trade of forest products. The Group has established procedures to ensure the suppliers' compliance with relevant quality and service requirements as well as laws and regulations on environmental and social matters.

The Group has not identified any non-compliance with the relevant laws and regulations in respect of product responsibility during the year ended 31 March 2021.

(ii) Customer Services and Complaints

To ensure the products and services meet the required standards of the customer, the project teams will perform inspections on the Group's products and the installation works performed by the subcontractors from time to time.

For our supply and installation projects, apart from internal project progress meeting, the project team would normally hold progress meetings with customers throughout the project to review the progress of the projects and to resolve any problems which may arise.

Upon delivery of the building materials from our suppliers, our staff would perform random checking to ensure that the building materials delivered satisfy the specifications contained in our purchase record. Items found to be defective or which are not consistent to the product specifications stated in the purchase orders would be returned to the suppliers for replacement.

Further, we may also conduct sample testing on certain building materials to ensure they meet the specifications required by our customers.

The Group has not identified any material claim or complaint by our customers in relation to the quality of our performance and our subcontractors' performance against our Group and the cost incurred for rectifying defective works was immaterial during the year ended 31 March 2021.

(iii) Intellectual Property

The Group values trademark management of the Group's products. All products have been trademark registered and we require all employees, customers and sub-contractors to jointly safeguard the Group's proprietary rights and interest in the trademarks, and report behaviours of which may lead to potential trademark infringements in a timely manner.

The Group did not have any infringement by third parties on its intellectual property right or by itself to any intellectual property right of third parties during the year ended 31 March 2021.

(iv) Consumer Data Protection

The Group is committed to safeguarding customer data obtained during the course of business. Customer information such as personal and company detailed background information, financial documents, terms of contracts, etc., are deemed to be private, confidential and sensitive in nature. These types of information are extremely sensitive and important.

The Group is obliged to comply with the Personal Data (Privacy) Ordinance (the "**PDPO**") (Chapter 486 of the Laws of Hong Kong) and strive to protect all such data confidential and safe. If there is any breach of confidentiality or a failure to comply with the law, the Group may be subject to legal action and penalties prescribed under the PDPO.

The Group is fully aware of its customer data protection obligation. The Group has employed external IT security expert to continuously monitor, maintain and update the hardware, software and security system to prevent any customer data breach due to illegal hacking attacks. Also, all employees have been notified and are legally bound in their employment contracts and/or employee handbook on that obligation to observe the "Confidentiality Undertaking" in disclosure and/or leakage of the Group's confidential information. Legal action will be taken if violation takes place. In the reporting period, no report on information leakage was received.

Anti-corruption

All employees of the Group are required to strictly observe the code on personal and professional conducts and the guidelines on anti-bribery and anti-corruption conducts as provided in the manual of code of conduct (the "**Code of Conduct**") of the Group as follows:

1. Prevention of Bribery Ordinance — soliciting or accepting any advantage in connection with the employee's work for the Group without the permission of the Group is strictly prohibited and such conduct may amount to an offence under Section 9(2) of the Prevention of Bribery Ordinance (Cap 201).

2. Acceptance of Advantage — soliciting or accepting any advantage when conducting business for the Group is prohibited, unless with the prior permission of the Group in writing.

3. Entertainment — employees should avoid accepting lavish or frequent entertainment from business partners associated with the Group (e.g. clients, suppliers or subcontractors) to prevent being affected in their business judgement. Excessive gambling and loans should also be avoided.

4. Conflict of Interest — employees should avoid any situation which may lead to an actual or perceived conflict of interest and make a declaration to the Group when such occasion occurs.

Employees who are in breach of the Code of Conduct may be dismissed or removed. During the year ended 31 March 2021, no legal case relating to bribery, extortion, fraud or money laundering was brought against the Group or its employees. The Group continues to carry out regular reviews and policy statement updates if necessary to ensure their effectiveness to strengthen internal controls and compliance regime of the Group.

COMMUNITY INVESTMENT

The Group is committed to fulfilling its corporate social responsibility in building a better community. Apart from commercial activities, the Group actively participates in community services and was awarded the "Caring Company" launched by the Hong Kong Council of Social Service in recognition of the Group's contribution to society.

During the year ended 31 March 2021, charitable and other donations made by the Group amounted to approximately HK$20,000 (2020: HK$13,000).

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TWINTEK INVESTMENT HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Twintek Investment Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 55 to 119, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Accounting for construction and engineering service contracts; and
- Expected credit loss ("**ECL**") recognised in respect of contract assets and trade receivables

ACCOUNTING FOR CONSTRUCTION AND ENGINEERING SERVICE CONTRACTS

Refer to note 7 to the consolidated financial statements and the accounting policies on pages 64–66.

The key audit matter	How the matter was addressed in our audit
The Group recognised contract revenue of construction and engineering service contract according to the management's estimation of the total outcome of the project as well as the stage of completion of contract works. The Group recognised contract revenue by reference to the stage of completion towards satisfaction of performance obligation under input method. This involves the assessment of the stage of completion of contract works, which was performed by the Group's project managers, the actual outcome of the contract in terms of its total revenue may be higher or lower than the management's estimation and it will affect the revenue recognised. Significant judgement is involved in relation to the assessment of the total outcome and the stage of completion and is therefore considered as a key audit matter.	We have evaluated the design and implementations, and control effectiveness on a sample basis of the key control in relation to revenue recognition that the Group had implemented. We assessed whether the stage of completion at the end of the reporting period was reasonable through critically challenging the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs of the construction and engineering service contract. We assessed the revenue recognised for the reporting period through checking the supporting documents, such as contracts, variation orders and payment certificates, and recalculated the revenue recognised based on the stage of completion to the total contract sum and work values from variation dates. We assessed reliability of management's assessment in budget cost by considering the historical/incurred actual costs.

ECL RECOGNISED IN RESPECT OF CONTRACT ASSETS AND TRADE RECEIVABLES

Refer to notes 20 and 22 to the consolidated financial statements and the accounting policies on pages 73–75.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2021, the Group had contract assets and trade receivables of approximately HK$74,611,000 and HK$32,383,000 respectively. The estimation of ECL adopted by the Group is based on the Group's historical credit loss experience and forward-looking information at the end of the reporting period. We have identified ECL recognised in respect of contract assets and trade receivables as a key audit matter because the estimation of ECL requires a high level of management judgement and due to the significance of the amounts involved.	We have evaluated the design and implementation of key control that the Group has implemented to manage and monitor its credit risk and measurement of ECL. We obtained and reviewed the management's assumptions and judgements adopted in assessing ECL in respect of contract assets and trade receivables. We have assessed the reasonableness of management's estimation for loss allowance by evaluating the historical loss rates, current economic conditions and forward-looking information and examining the actual losses recorded and assessing whether there was an indication of management bias when recognising ECL.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with HKSAs, we exercise professional 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 of the Company.

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

- Conclude on the appropriateness of the Company's 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 audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Pang Wai Hang.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
25 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Revenue	*7*	**311,754**	157,046
Cost of sales and services		**(262,938)**	(141,254)
Gross profit		**48,816**	15,792
Other income	*8*	**3,629**	1,947
Selling and distribution expenses		**(8,797)**	(8,717)
Administrative expenses		**(30,911)**	(31,014)
Finance costs	*9*	**(1,625)**	(1,678)
Profit (loss) before taxation		**11,112**	(23,670)
Income tax credit (expenses)	*10*	**188**	(150)
Profit (loss) and total comprehensive income (expense) for the year attributable to the owners of the Company	*11*	**11,300**	(23,820)
Earnings (loss) per share:			
Basic and diluted (HK cents)	*15*	**1.41**	(2.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**55,067**	24,028
Right-of-use asset	*17*	**571**	1,000
Prepayment and deposits paid for life insurance policies	*18*	**5,936**	5,710
Deposits, prepayments and other receivables	*21*	**111**	111
		61,685	30,849
Current assets			
Inventories	*19*	**10,814**	6,041
Contract assets	*22*	**74,611**	77,405
Trade receivables	*20*	**32,383**	14,356
Deposits, prepayments and other receivables	*21*	**4,128**	14,833
Tax recoverable		**—**	2,751
Pledged bank deposits	*23*	**8,088**	8,078
Bank balances and cash	*23*	**41,618**	59,328
		171,642	182,792
Current liabilities			
Trade and bills payables	*24*	**28,338**	11,570
Contract liabilities	*22*	**3,395**	8,426
Retention monies payables		**4,110**	3,774
Accrual and other payables	*25*	**4,279**	2,056
Bank borrowings	*26*	**35,897**	41,396
Lease liability	*17*	**433**	424
Tax payable		**35**	—
		76,487	67,646
Net current assets		**95,155**	115,146
Total assets less current liabilities		**156,840**	145,995
Non-current liabilities			
Deferred tax liability	*28*	**146**	168
Lease liability	*17*	**147**	580
		293	748
		156,547	145,247

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2021

	Note	**2021** **HK$'000**	2020 HK$'000
Capital and reserves			
Share capital	*29*	**8,000**	8,000
Reserves		**148,547**	137,247
		156,547	145,247

The consolidated financial statements on page 55 to 119 were approved and authorised for issue by the board of directors on 25 June 2021 and are signed on its behalf by:

Lo Wing Cheung
Director

Fung Pik Mei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note)*	Retained profits HK$'000	Total HK$'000
At 1 April 2019	8,000	103,940	5,024	52,103	169,067
Loss and total comprehensive expense for the year	—	—	—	(23,820)	(23,820)
At 31 March 2020 and 1 April 2020	**8,000**	**103,940**	**5,024**	**28,283**	**145,247**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**11,300**	**11,300**
At 31 March 2021	**8,000**	**103,940**	**5,024**	**39,583**	**156,547**

Note: Capital reserve represented the difference between the nominal amount of the share capital and share premium of Fortuna Enterprise Holding Limited and the nominal amount of the shares issued by the Company pursuant to a group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**11,112**	(23,670)
Adjustments for:		
Finance costs	**1,625**	1,678
Bank interest income	**(172)**	(249)
Interest income from deposits paid for life insurance policies	**(234)**	(258)
Amortisation of prepayment paid for life insurance policies	**8**	7
Impairment loss recognised on contract assets	**—**	779
Reversal of impairment loss recognised on contract assets	**(269)**	—
Impairment loss recognised on trade receivables	**—**	621
Reversal of impairment loss recognised on trade receivables	**(553)**	(90)
Written off on prepayment	**—**	815
Reversal of written off on prepayment	**(105)**	—
Depreciation of property, plant and equipment	**2,391**	1,708
Depreciation of right-of-use asset	**429**	250
Gain on disposal of property, plant and equipment	**(83)**	—
Operating cash flows before movements in working capital	**14,149**	(18,409)
Increase in inventories	**(4,773)**	(2,609)
Decrease in contract assets	**3,063**	4,689
(Increase) decrease in trade receivables	**(17,474)**	12,635
Decrease (increase) in deposits, prepayments and other receivables	**10,836**	(1,133)
Increase (decrease) in trade and bills payables	**16,768**	(53)
(Decrease) increase in contract liabilities	**(5,031)**	6,543
Increase in retention monies payables	**336**	608
Increase in accrual and other payables	**2,145**	280
Cash generated from operations	**20,019**	2,551
Hong Kong Profits Tax refunded (paid)	**2,751**	(396)
NET CASH FROM OPERATING ACTIVITIES	**22,770**	2,155

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES			
Bank interest income received		**172**	249
Net cash outflow on the acquisition of a subsidiary	*31*	**(32,012)**	—
Purchases of property, plant and equipment		**(1,165)**	(161)
Proceeds on disposal of property, plant and equipment		**83**	—
Placement of pledged bank deposits		**(8,088)**	(8,078)
Withdrawal of pledged bank deposits		**8,078**	8,069
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(32,932)**	79
FINANCING ACTIVITIES			
Interest paid		**(1,608)**	(1,666)
Repayment of principal portion of lease payment		**(424)**	(246)
Repayment of interest portion of lease payment		**(17)**	(12)
New bank borrowings raised		**41,000**	96,800
Repayments of bank borrowings		**(46,499)**	(94,265)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(7,548)**	611
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(17,710)**	2,845
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**59,328**	56,483
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**41,618**	59,328

1. GENERAL INFORMATION

Twintek Investment Holdings Limited ("**the Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 February 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 January 2018. Its ultimate and immediate holding company is also Helios Enterprise Holding Limited ("**Helios**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability. Its ultimate controlling parties are Mr. Lo Wing Cheung and Ms. Fung Pik Mei ("**Controlling shareholders**"). The addresses of the registered office of the Company is PO Box 309 Ugland House Grand Cayman KY1-1104, the Cayman Islands and the principal place of business of the Company is Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are investment holding, sales of building materials and provision of construction and engineering services.

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

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

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("**HKFRSs**") and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to Hong Kong Accounting Standard ("**HKAS**") 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 April 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year as detailed in note 31 and concluded that such acquisition is not accounted for as a business.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and Related Amendments[5]
Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021[6]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after 1 June 2020.
[5] Effective for annual periods beginning on or after 1 January 2023.
[6] Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that, the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Business combinations or asset acquisitions

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisition

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to property, plant and equipment which are subsequently measured under cost model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

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

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties.

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. 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.

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

The Group recognised revenue from the following major sources:

- sales of goods;
- construction contracts

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sales of goods

Revenue from sale of goods is recognised at the point when the control of the good is transferred to the customers (generally on delivery of the goods to location specified by customers).

Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from provision of construction and engineering services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended and costs incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

Leasing

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liability

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use asset as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment losses on property, plant and equipment and right-of-use asset" policy.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits cost and termination benefits

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

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group.

Short-term employee benefits and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Impairment losses on property, plant and equipment and right-of-use asset

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment and right-of-use asset (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised in profit or loss immediately.

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

Financial instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit loss ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" (note 8).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for contract assets and trade receivables. The ECL on contract assets are estimated on an individual basis for customer with significant balances and collectively by using a provision matrix and the ECL on trade receivables are estimated collectively by using a provision matrix estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has 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 or risk of a default occurring since initial recognition.

Significant increase in credit risk

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

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

Despite the foregoing, 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 reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) 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.

The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Taking into account of the business cycle, industry practice and historical experience, the Group considers that default has occurred when a financial asset is more than 2 years past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 5 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment loss or reversal of impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Accounting for construction and engineering service contracts

The Group recognised contract revenue of construction and engineering service contract according to the management's estimation of the stage of completion of the contract by reference to the accumulated contract costs recognised over the budget cost at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction and engineering service contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the management's estimation and this will affect the revenue recognised and the contract assets (liabilities) as detailed in note 22.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

ECL recognised in respect of contract assets and trade receivables

The impairment provisions for contract assets and trade receivables are based on assumptions about ECL. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the Group's historical credit loss experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 March 2021, reversal of impairment loss recognised on contract assets is approximately HK$269,000 (2020: impairment loss recognised of approximately HK$779,000). As at 31 March 2021, the carrying amount of contract assets is approximately HK$74,611,000 (2020: HK$77,405,000) net of allowance for impairment loss of approximately HK$2,096,000 (2020: HK$2,365,000).

During the year ended 31 March 2021, reversal of impairment loss recognised on trade receivables is approximately HK$553,000 (2020: net impairment loss recognised of approximately HK$531,000). As at 31 March 2021, the carrying amount of trade receivables is approximately HK$32,383,000 (2020: HK$14,356,000) net of allowance for impairment loss of approximately HK$1,394,000 (2020: HK$1,989,000).

Income taxes

As at 31 March 2021, no deferred tax asset has been recognised on unused tax losses amounting to approximately HK$9,756,000 (2020: HK$20,938,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation based on experience about the economic useful lives of the assets and by making reference to market prices of similar assets. The Group assesses the useful lives of the property, plant and equipment at the end of each reporting period and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

As at 31 March 2021, the carrying amount of property, plant and equipment is approximately HK$55,067,000 (2020: HK$24,028,000).

Impairment of property, plant and equipment

Impairment of property, plant and equipment is performed by the management of the Group at the end of each reporting period. When there is an indication of possible impairment identified, the management of the Group assess whether there is any impairment loss. Impairment loss has been recognised if the recoverable amount, being the higher of fair value less cost of disposal or value-in-use, is lower than the carrying amount. These calculations require the use of estimates.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of property, plant and equipment (Continued)

Based on the estimated recoverable amount, no impairment loss on property, plant and equipment has been recognised for the years ended 31 March 2021 and 2020.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 26 and lease liability disclosed in note 17, net of bank balances and cash disclosed in note 23 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider costs of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets stated at amortised cost (including bank balances and cash)	**88,582**	87,810
Financial liabilities		
Financial liabilities stated at amortised cost	**69,904**	58,796

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits paid for life insurance policies, trade receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and bills payables, retention monies payables, accrual and other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group has foreign currency deposits paid for life insurance policies, deposits and purchases, which expose the Group to foreign currency risk. For the year ended 31 March 2021, 15% (2020: 11%) of the Group's cost of sales and services are denominated in currencies other than the functional currency of the respective group's entities. The Group currently does not have hedging policy to minimise the foreign exchange risk. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Renminbi ("**RMB**")	**76**	215	**(356)**	—
United States Dollar ("**USD**")	**5,737**	10,437	**—**	(2,148)
EURO ("**EUR**")	**143**	161	**(14,612)**	(3,881)

Sensitivity analysis

The Group is mainly exposed to the currency risk of RMB, USD and EUR.

The following table details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in Hong Kong dollars against the relevant foreign currencies for the year ended 31 March 2021. 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rate.

For the year ended 31 March 2021, a positive (negative) number below indicates an increase (a decrease) in post-tax profit where USD strengthened and RMB and EUR weakened against HK$. Where the USD weakened and RMB and EUR strengthened against HK$, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

For the year ended 31 March 2020, a positive (negative) number below indicates a decrease (an increase) in post-tax loss where USD and RMB strengthened and EUR weakened against HK$. Where the USD and RMB weakened and EUR strengthened against HK$, there would be an equal and opposite impact on the post-tax loss, and the balances below would be negative.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

Effect on post-tax profit (loss):

	2021 **HK$'000**	2020 HK$'000
RMB	**11**	(9)
USD	**(287)**	(383)
EUR	**604**	155

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and fixed-rate bank balances (see note 23). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 23) and variable-rate bank borrowings (see note 26). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market rates arising from the Group's bank balances and the fluctuation of bank's best lending rate and Hong Kong Interbank Offered Rate arising from the Group's bank borrowings denominated in HK$.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. For the year ended 31 March 2021, a 50 basis points (2020: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$129,000 (2020: post-tax loss increase/decrease by HK$9,000).

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from contract assets, trade receivables, pledged bank deposits, bank balances, deposits paid for life insurance policies and deposits and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using provision matrix estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtor operate. In this regard, the director of the Company consider that the Group's credit risk is significantly reduced.

For contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances and collectively by using provision matrix estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits, bank balances and deposits paid for life insurance policies are limited because the counterparties are banks and insurance company with high credit ratings assigned by international credit-rating agencies.

For other financial assets, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. Management considered deposits and other receivables to be low credit risk and thus the impairment measurement is based on 12-month ECL.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increase in credit risk on other financial instruments of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising 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

The tables below detail the credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades:

31 March 2021	Internal credit rating	12-month or lifetime ECL	Average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Contract assets						
— individually assessed	Default	Lifetime ECL (credit impaired)	100	1,667	(1,667)	–
— collectively assessed	Doubtful	Lifetime ECL (not credit impaired)	0.57	75,040	(429)	74,611
				76,707	(2,096)	74,611
Trade receivables						
— collectively assessed	Default	Lifetime ECL (credit impaired)	100	1,316	(1,316)	–
— collectively assessed	Doubtful	Lifetime ECL (not credit impaired)	0.24	32,461	(78)	32,383
				33,777	(1,394)	32,383
Deposit and other receivables	Performing	12-month ECL	–	756	–	756

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

31 March 2020	Internal credit rating	12-month or lifetime ECL	Average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Contract assets						
– individually assessed	Default	Lifetime ECL (credit impaired)	100	1,667	(1,667)	–
– collectively assessed	Doubtful	Lifetime ECL (not credit impaired)	0.89	78,103	(698)	77,405
				79,770	(2,365)	77,405
Trade receivables						
– collectively assessed	Default	Lifetime ECL (credit impaired)	100	1,829	(1,829)	–
– collectively assessed	Doubtful	Lifetime ECL (not credit impaired)	3.56	14,516	(160)	14,356
				16,345	(1,989)	14,356
Deposit and other receivables	Performing	12-month ECL	–	545	–	545

The Group's concentration of credit risk by geographical locations is all in Hong Kong as at 31 March 2021 (2020: all).

The Group has concentration of credit risk as 19% (2020: 9%) and 72% (2020: 59%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2021, the Group has available unutilised short-term bank loan facilities of approximately HK$32,300,000 (2020: HK$27,302,000). Details of which are set out in note 26.

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

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

The table includes both interest and principal cash flows.

Liquidity tables

	At 31 March 2021			
	Within 1 year or on demand HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and bills payables	28,338	–	28,338	28,338
Retention monies payables	4,110	–	4,110	4,110
Accrual and other payables	1,559	–	1,559	1,559
Bank borrowings *(Note)*	35,897	–	35,897	35,897
	69,904	–	69,904	69,904
Lease liability	442	147	589	580
	70,346	147	70,493	70,484

	At 31 March 2020			
	Within 1 year or on demand HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and bills payables	11,570	–	11,570	11,570
Retention monies payables	3,774	–	3,774	3,774
Accrual and other payables	2,056	–	2,056	2,056
Bank borrowings *(Note)*	41,396	–	41,396	41,396
	58,796	–	58,796	58,796
Lease liability	441	589	1,030	1,004
	59,237	589	59,826	59,800

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

Note:

Bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above analysis. As at 31 March 2021, the aggregate undiscounted principal amounts of these bank borrowings amounted to approximately HK$35,897,000 (2020: HK$41,396,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$36,626,000 (2020: HK$42,295,000).

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on contractual undiscounted payments.

The table includes both interest and principal cash flows.

Maturity Analysis

	At 31 March 2021					
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade and bills payables	28,338	–	–	–	28,338	28,338
Retention monies payables	4,110	–	–	–	4,110	4,110
Accrual and other payables	1,559	–	–	–	1,559	1,559
Bank borrowings	31,625	480	1,440	3,081	36,626	35,897
	65,632	480	1,440	3,081	70,633	69,904
Lease liability	442	147	–	–	589	580
	66,074	627	1,440	3,081	71,222	70,484

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Maturity Analysis (Continued)

	At 31 March 2020					
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade and bills payables	11,570	–	–	–	11,570	11,570
Retention monies payables	3,774	–	–	–	3,774	3,774
Accrual and other payables	2,056	–	–	–	2,056	2,056
Bank borrowings	36,814	480	1,440	3,561	42,295	41,396
	54,214	480	1,440	3,561	59,695	58,796
Lease liability	441	442	147	–	1,030	1,004
	54,655	922	1,587	3,561	60,725	59,800

(c) Fair value measurements recognised in the consolidated statement of financial position

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial assets recorded at amortised cost in the consolidated financial statements approximate to their fair values due to insignificant impact of discounting.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of building materials and provision of construction and engineering services. An analysis of the Group's revenue for the year is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregation by major products or services lines		
Sales of building materials		
• Gypsum block	**19,717**	8,825
• Wooden flooring	**18,949**	5,163
• Others	**4,425**	1,398
Revenue from provision of construction and engineering services		
• Gypsum block	**77,294**	10,453
• Wooden flooring	**160,958**	109,174
• Others	**30,411**	22,033
	311,754	157,046

Disaggregation of the Group's revenue by timing of recognition

	2021 HK$'000	2020 HK$'000
Timing of revenue recognition		
At a point in time	**43,091**	15,386
Over time	**268,663**	141,660
Total revenue from contract with customers	**311,754**	157,046

Transaction price allocated to the remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$286,242,000 (2020: HK$357,902,000). The amount represents revenue expected to be recognised in the future from provision of construction and engineering service contract entered into between the customers and the Group. The Group will recognise this revenue as the service is completed, which is expected to be recognised over the next 12–18 months (2020: 12–18 months). Revenue of approximately HK$259,000,000 (2020: HK$319,000,000) is expected to be recognised within one year.

The above amounts do not include variable consideration which is constrained.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

Information reported to the executive directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in nature of revenue. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

— Sales of building materials — trading of building materials; and

— Construction contracts — provision of construction and engineering services.

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

For the year ended 31 March 2021

	Sales of building materials HK$'000	Construction contracts HK$'000	Total HK$'000
Segment revenue			
External sales	43,091	268,663	311,754
Segment profit	13,757	35,881	49,638
Unallocated income			2,807
Unallocated corporate expenses			(39,708)
Unallocated finance costs			(1,625)
Profit before taxation			11,112

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2020

	Sales of building materials HK$'000	Construction contracts HK$'000	Total HK$'000
Segment revenue			
External sales	15,386	141,660	157,046
Segment profit	5,692	8,790	14,482
Unallocated income			1,857
Unallocated corporate expenses			(38,331)
Unallocated finance costs			(1,678)
Loss before taxation			(23,670)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and selling and distribution expenses, directors' emoluments, finance costs and certain other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2021 HK$'000	2020 HK$'000
Sales of building materials	**6,758**	4,305
Construction contracts	**100,236**	88,906
Total segment assets	**106,994**	93,211
Unallocated corporate assets	**126,333**	120,430
Total assets	**233,327**	213,641

Segment liabilities

	2021 HK$'000	2020 HK$'000
Sales of building materials	**6,433**	3,998
Construction contracts	**29,410**	19,772
Total segment liabilities	**35,843**	23,770
Unallocated corporate liabilities	**40,937**	44,624
Total liabilities	**76,780**	68,394

For the purposes of monitoring segment performance and allocating resources between segments:

— only contract assets, trade receivables and certain inventories are allocated to operating segments; and

— only contract liabilities, trade and bills payables and retention monies payables are allocated to operating segments.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2021

	Sales of building materials HK$'000	Construction contracts HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Reversal of impairment loss recognised on trade receivables	–	(553)	–	(553)
Reversal of impairment loss recognised on contract assets	–	(269)	–	(269)
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Addition to non-current assets *(Note)*	–	–	33,430	33,430
Depreciation of property, plant and equipment	–	–	2,391	2,391
Depreciation of right-of-use asset	–	–	429	429
Reversal of written off on prepayment	–	–	(105)	(105)
Gain on disposal of property, plant and equipment	–	–	(83)	(83)
Interest income from deposits paid for life insurance policies	–	–	(234)	(234)
Bank interest income	–	–	(172)	(172)
Finance costs	–	–	1,625	1,625
Income tax credit	–	–	(188)	(188)

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2020

	Sales of building materials HK$'000	Construction contracts HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Impairment loss recognised on trade receivables	—	621	—	621
Reversal of impairment loss recognised on trade receivables	—	(90)	—	(90)
Impairment loss recognised on contract assets	—	779	—	779
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Addition to non-current assets *(Note)*	—	—	1,411	1,411
Depreciation of property, plant and equipment	—	—	1,708	1,708
Depreciation of right-of-use asset	—	—	250	250
Written off on prepayment	—	—	815	815
Interest income from deposits paid for life insurance policies	—	—	(258)	(258)
Bank interest income	—	—	(249)	(249)
Finance costs	—	—	1,678	1,678
Income tax expenses	—	—	150	150

Note: Non-current assets excluded deposits, prepayments and other receivables and prepayment and deposits paid for life insurance policies.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2021 HK$'000	2020 HK$'000
Customer A[1, 2]	62,558	21,164
Customer B[1]	90,868	31,130
Customer C[1, 2]	N/A*	17,513

[1] *Revenue from construction contracts segment*

[2] *Revenue from sales of building materials segment*

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

Geographical information

The Group's operations and non-current assets are all located in Hong Kong, therefore, no geographical information was presented.

8. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	172	249
Interest income from deposits paid for life insurance policies	234	258
Net foreign exchange gain	—	206
Royalty income	—	805
Reversal of impairment loss recognised on trade receivables	553	90
Reversal of impairment loss recognised on contract assets	269	—
Reversal of written off on prepayment	105	—
Gain on disposal of property, plant and equipment	83	—
Government grant *(note)*	1,708	50
Compensation from employee injury claims	505	—
Others	—	289
	3,629	1,947

Note: During the year 31 March 2021, the Group recognised government grants of approximately HK$1,708,000 in respect of COVID-19-related subsidies under the Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund (2020: Balances represents "Construction Industry Anti-epidemic Fund" received from Construction Industry Council. The government grant from Construction Industry Council was one-off in nature). There are no unfulfilled conditions and other contingencies attached to the receipts of those government grant.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest expenses on bank borrowings	**1,608**	1,666
Interest expenses on lease liability	**17**	12
	1,625	1,678

10. INCOME TAX (CREDIT) EXPENSES

	2021 HK$'000	2020 HK$'000
Current tax:		
Hong Kong Profits Tax	**39**	—
Under-provision in prior years	**—**	39
Deferred taxation *(note 28)*	**(227)**	111
	(188)	150

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2020, entities of the Group in Hong Kong do not qualify for the two-tiered profits tax rates regime. For the year ended 31 March 2021, Hong Kong Profits Tax of qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising from Hong Kong for the year ended 31 March 2020.

Macau Complementary Income Tax is calculated at 12% (2020: 12%) of the estimated assessable profits for the year ended 31 March 2021.

No Macau Complementary Income Tax has been provided since there were no assessable profits generated for the years ended 31 March 2021 and 2020.

10. INCOME TAX (CREDIT) EXPENSES (Continued)

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands or the BVI for the years ended 31 March 2021 and 2020.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of a PRC subsidiary is 25%. No EIT has been provided since there were no assessable profits generated for the years ended 31 March 2021 and 2020.

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

	2021 HK$'000	2020 HK$'000
Profit (loss) before taxation	**11,112**	(23,670)
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**1,833**	(3,906)
Tax effect of expenses not deductible for tax purposes	**223**	562
Tax effect of income not taxable for tax purposes	**(369)**	—
Tax effect of tax loss not recognised	**—**	3,455
Utilisation of tax losses previously not recognised	**(1,845)**	—
Effect of two-tiered profits tax rate regime	**(20)**	—
Effect of tax reduction *(note)*	**(10)**	—
Under-provision in prior years	**—**	39
Income tax (credit) expenses for the year	**(188)**	150

Details of deferred tax liability are set out in note 28.

Note: Tax reduction represented a one-off reduction of Hong Kong Profits Tax for the year of assessment 2020/2021 by 100%, subject to a ceiling of HK$10,000 for each entity.

11. PROFIT (LOSS) FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' and chief executive's emoluments *(note 12)*	**5,266**	4,922
Other staff costs	**12,279**	11,788
Contribution to defined contribution retirement benefits scheme (excluding directors' and chief executive's emoluments)	**427**	420
Total staff costs	**17,972**	17,130
Auditor's remuneration	**1,034**	1,033
Depreciation of property, plant and equipment	**2,391**	1,708
Depreciation of right-of-use asset	**429**	250
Net foreign exchange loss	**150**	—
Impairment loss recognised on trade receivables	**—**	621
Impairment loss recognised on contract assets	**—**	779
Written off on prepayment	**—**	815
Amortisation of prepayment paid for life insurance policies	**8**	7
Expense relating to short-term lease under HKFRS 16	**782**	1,010
Amount of inventories recognised as an expense	**42,308**	9,311

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 6 (2020: 6) directors and the chief executive were as follows:

	Fee	Salaries and allowances	Discretionary bonuses *(Note)*	Contribution to defined contribution retirement benefits scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2021					
Executive directors					
Mr. Lo Wing Cheung ("**Mr. Lo**")	–	2,709	280	18	3,007
Ms. Fung Pik Mei	–	1,161	280	18	1,459
Non-executive director					
Mr. Wan Ho Yin	200	–	–	–	200
Independent non-executive directors					
Mr. Shu Wa Tung Laurence	200	–	–	–	200
Mr. Tam Wai Tak Victor	200	–	–	–	200
Mr. Tam Wing Lok	200	–	–	–	200
	800	3,870	560	36	5,266
Year ended 31 March 2020					
Executive directors					
Mr. Lo	–	2,588	230	18	2,836
Ms. Fung Pik Mei	–	1,039	229	18	1,286
Non-executive director					
Mr. Wan Ho Yin	200	–	–	–	200
Independent non-executive directors					
Mr. Shu Wa Tung Laurence	200	–	–	–	200
Mr. Tam Wai Tak Victor	200	–	–	–	200
Mr. Tam Wing Lok	200	–	–	–	200
	800	3,627	459	36	4,922

Notes: The discretionary bonus is determined by the board of directors having regard to the performance of the relevant director and the operating results of the Group as a whole in respect of each financial year.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

None of the directors and chief executive of the Company waived or agreed to waive any emoluments paid by the Group for the years ended 31 March 2021 and 2020. No emoluments were paid by the Group to any directors or the chief executive of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 March 2021 and 2020.

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

Mr. Lo is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments, two (2020: two) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining three (2020: three) individuals were as follows:

	2021 HK$'000	2020 HK$'000
Salaries and allowances and discretionary bonuses *(note)*	**2,965**	2,733
Contribution to defined contribution retirement benefits scheme	**36**	45
	3,001	2,778

Their emoluments were within the following bands:

	2021 Number of individuals	2020 Number of individuals
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	3	3

Note: The discretionary bonus is determined by the board of directors having regard to the performance of the relevant employee and the operating results of the Group as a whole in respect of each financial year.

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2021 and 2020.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2021 and 2020.

Subsequent to the end of the reporting period, a final dividend of HK1.0 cent in respect of the year ended 31 March 2021 per share (2020: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2021 **HK$'000**	2020 HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share, representing profit (loss) for the year attributable to owners of the Company	**11,300**	(23,820)

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share ('000 shares)	**800,000**	800,000

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 March 2021 and 2020.

16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2019	23,413	2,733	1,798	1,183	29,127
Additions	—	128	33	—	161
At 31 March 2020 and 1 April 2020	**23,413**	**2,861**	**1,831**	**1,183**	**29,288**
Additions	**—**	**340**	**23**	**802**	**1,165**
Acquired on acquisition of a subsidiary *(note 31)*	**32,265**	**—**	**—**	**—**	**32,265**
Disposal	**—**	**—**	**—**	**(499)**	**(499)**
Written off	**—**	**—**	**(7)**	**—**	**(7)**
At 31 March 2021	**55,678**	**3,201**	**1,847**	**1,486**	**62,212**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2019	1,058	651	872	971	3,552
Provided for the year	748	548	324	88	1,708
At 31 March 2020 and 1 April 2020	**1,806**	**1,199**	**1,196**	**1,059**	**5,260**
Provided for the year	**1,188**	**792**	**243**	**168**	**2,391**
Eliminated on disposal	**—**	**—**	**—**	**(499)**	**(499)**
Eliminated on written off	**—**	**—**	**(7)**	**—**	**(7)**
At 31 March 2021	**2,994**	**1,991**	**1,432**	**728**	**7,145**
CARRYING VALUES					
At 31 March 2021	**52,684**	**1,210**	**415**	**758**	**55,067**
At 31 March 2020	21,607	1,662	635	124	24,028

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Ownership interest in leasehold land and buildings	Over the term of the lease
Leasehold improvements	Over the term of the lease
Office equipment	5 years
Motor vehicles	4 years

As at 31 March 2021, the Group has pledged ownership interest in leasehold land and buildings with carrying values of approximately HK$52,684,000 (2020: HK$21,607,000) to secure general banking facilities granted to the Group.

17. LEASE

(a) Right-of-use asset

As at 31 March 2021, the carrying amount of right-of-use asset was approximately HK$571,000 (2020: HK$1,000,000) in respect of the leased property.

The Group has lease arrangements for a building. The lease term is 3 years. Addition to the right-of-use asset amounted to approximately HK$1,250,000 due to the new lease entered during the year ended 31 March 2020.

(b) Lease liability

	2021 HK$'000	2020 HK$'000
Non-current	147	580
Current	433	424
	580	1,004

	2021 HK$'000	2020 HK$'000
Amounts payable under lease liability		
Within one year	433	424
After one year but within two years	147	580
	580	1,004
Less: Amount due for settlement within 12 months (shown under current liabilities)	(433)	(424)
Amount due for settlement after 12 months	147	580

During the year ended 31 March 2020, a lease of property was signed and the Group recognised approximately HK$1,250,000 lease liability at initial recognition.

(c) Amount recognised in profit or loss

	2021 HK$'000	2020 HK$'000
Depreciation of right-of-use asset	429	250
Interest expenses on lease liability	17	12
Expense related to short-term leases	782	1,010

(d) Others

During the year ended 31 March 2021, the total cash outflow for leases (including short-term leases) amount to approximately HK$1,223,000 (2020: HK$1,268,000). All lease payments of the Group are fixed.

18. PREPAYMENT AND DEPOSITS PAID FOR LIFE INSURANCE POLICIES

On 29 August 2012 ("**Policy A**") and 18 September 2013 ("**Policy B**"), the Company entered into life insurance policies with an insurance company on Ms. Fung Pik Mei. Under the policies, the beneficiary and policies holder is the Company. The Company is required to pay an upfront payment for the policies. The Company may request a partial surrender or full surrender of the policies at any time and receive cash back based on the value of the policies at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the "**Cash Value**"). If such withdrawal is made at any time during the first to the thirty-fifth policy year for Policy A and the first to the thirty-forth policy year for Policy B, as appropriate, a pre-determined specified surrender charge would be imposed.

The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit placed is carried at amortised cost using the effective interest method. The deposit paid for the life insurance policies carry guaranteed interests at interest rates ranging from 2% to 4% plus a premium determined by the insurance company during the tenures of the policies. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policies, excluding the financial effect of surrender charge.

Particulars of the policies are as follows:

		Guaranteed interest rates	
Insured sum	**Upfront payment**	**First year**	**Second year and onwards**
Policy A:			
US$1,108,000 (equivalent to HK$8,583,000) (2020: equivalent to HK$8,642,000)	US$276,000 (equivalent to HK$2,138,000) (2020: equivalent to HK$2,153,000)	4% per annum	2% per annum
Policy B:			
US$1,018,000 (equivalent to HK$7,885,000) (2020: equivalent to HK$7,940,000)	US$280,000 (equivalent to HK$2,169,000) (2020: equivalent to HK$2,184,000)	4% per annum	2% per annum

The carrying values of prepayment and deposits paid for life insurance policies at the end of each reporting period are set out as below:

	2021	2020
	HK$'000	HK$'000
Deposits paid	**5,737**	5,503
Prepayment	**199**	207
	5,936	5,710

18. PREPAYMENT AND DEPOSITS PAID FOR LIFE INSURANCE POLICIES (Continued)

The carrying values of the prepayment and deposits paid for life insurance policies as at 31 March 2021 and 2020 approximates the Cash Value of the insurance policies and the expected life of the policies remained unchanged from the initial recognition. The entire balance of the life insurance policies are denominated in USD.

Included in the prepayment and deposits paid for life insurance policies are the following amount denominated in a currency other than the functional currency of relevant group entities:

	2021	2020
	HK$'000	HK$'000
USD	**5,936**	5,710

19. INVENTORIES

	2021	2020
	HK$'000	HK$'000
Materials and consumables for construction works and trading purpose	**5,753**	4,319
Goods in transit	**5,061**	1,722
	10,814	6,041

20. TRADE RECEIVABLES

The following is an analysis of trade receivables at the end of each reporting period:

	2021	2020
	HK$'000	HK$'000
Trade receivables	**33,777**	16,345
Less: allowance for impairment loss of trade receivables	**(1,394)**	(1,989)
	32,383	14,356

The average credit period granted to trade customers ranged from 30 to 60 days.

20. TRADE RECEIVABLES (Continued)

The following is an aging analysis of trade receivables, net of allowance for impairment loss of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2021 HK$'000	2020 HK$'000
Within 30 days	23,358	846
31 to 60 days	5,620	3,212
61 to 90 days	971	3,902
Over 90 days	2,434	6,396
	32,383	14,356

Before accepting any new customers, the Group uses internal credit approval procedures to assess the potential customer's credit quality and defines credit limits for each customer.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated collectively by using a provision matrix by reference to historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for trade receivables.

The movement in the allowance for impairment loss of trade receivables is set out below:

	Lifetime ECL — not credit impaired HK$'000	Lifetime ECL — credit impaired HK$'000	Total HK$'000
At 1 April 2019	250	1,272	1,522
Increase during the year	—	621	621
Reversal of impairment losses	(90)	—	(90)
Written off *(note (ii))*	—	(64)	(64)
At 1 April 2020	160	1,829	1,989
Reversal of impairment losses *(note (i))*	(82)	(471)	(553)
Written off *(note (ii))*	—	(42)	(42)
At the end of the year	78	1,316	1,394

Notes:

(i) The Group had recognised a reversal of impairment losses on (a) not credit impaired trade receivables of approximately HK$82,000 (2020: HK$90,000) during the year ended 31 March 2021 as the debtors' credit rating has been improved and (b) credit impaired trade receivables of approximately HK$471,000 (2020: nil) during the year ended 31 March 2021 as the amount was recovered from the debtors.

(ii) The Group had written off trade receivable of approximately HK$42,000 (2020: HK$64,000) during the year ended 31 March 2021 as it was past due over 5 years and recoverability from a counter party is remote.

Details of the credit risk exposure and ECL of trade receivable is set out in note 6.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	756	526
Prepayments	3,483	14,399
Other receivables	–	19
	4,239	14,944

The Group measures the loss allowance for deposits and other receivables at an amount equal to 12-month ECL. As at 31 March 2021 and 2020, the directors of the Company estimates the 12-month ECL on deposits and other receivables were insignificant.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for deposits and other receivables.

Included in deposits, prepayments and other receivables is the following amount denominated in a currency other than the functional currency of relevant group entities:

	2021 HK$'000	2020 HK$'000
RMB	76	215
EUR	143	161
USD	–	4,727

	2021 HK$'000	2020 HK$'000
Analysed for reporting purpose as:		
Non-current	111	111
Current	4,128	14,833
	4,239	14,944

The significant decrease in prepayments for the year ended 31 March 2021 was mainly due to utilisation of prepayments to suppliers for purchase of materials.

The Group had written off prepayment of approximately HK$815,000 during the year ended 31 March 2020 as it was over 5 years past due and recoverability from a counter-party is remote and approximately HK$105,000 was recovered during the year ended 31 March 2021.

22. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 HK$'000	2020 HK$'000
Analysed as current:		
Retention monies receivables	**24,559**	23,599
Less: allowance for impairment loss of retention monies receivables	**(1,951)**	(1,991)
	22,608	21,608
Amounts due from customers for contract work	**52,148**	56,171
Less: allowance for impairment loss of amounts due from customers for contract work	**(145)**	(374)
	52,003	55,797
	74,611	77,405

Contract assets are initially recognised for revenue earned from construction contracts as receipt of consideration is conditional on successful completion of work. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL. The ECL on certain contract assets are estimated collectively by using a provision matrix by reference to historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The ECL on remaining contract assets are estimated individually for customer with significant balances.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance of contract assets.

The movement in the allowance for impairment loss of contract assets is set out below:

	Lifetime ECL — not credit impaired HK$'000	**Lifetime ECL — credit impaired** HK$'000	**Total** HK$'000
At 1 April 2019	142	1,444	1,586
Increase during the year	556	223	779
At 1 April 2020	698	1,667	2,365
Reversal of impairment loss *(note)*	(269)	—	(269)
At the end of the year	429	1,667	2,096

Note: The Group had recognised a reversal of impairment losses on not credit impaired contract assets of approximately HK$269,000 (2020: nil) during the year ended 31 March 2021 as the customers' credit rating has been improved.

Details of the credit risk exposure and ECL of contract asset are set out note 6.

22. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2021 HK$'000	2020 HK$'000
Analysed as current:		
Receipt in advance	**3,067**	5,416
Amounts due to customers for contract works	**328**	3,010
	3,395	8,426

Contract liabilities represent (i) advance from customers in respect of sale of goods and construction contract. In general, the Group receives certain percentage of the contract sum when enter the agreements depends on the negotiation with individual customers. These deposits are recognised as contract liabilities until the services are rendered; and (ii) amounts due to customers for contract work represents the net amount of costs incurred plus recognised profit less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Revenue recognised during the year ended 31 March 2021 that was included in the contract liabilities as at 1 April 2020 is approximately HK$6,739,000 (2020: HK$1,883,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits have been pledged to secure short-term bank borrowings and undrawn facilities and are therefore classified as current assets.

The pledged deposits carry fixed interest rate of 0.1% per annum (2020: 0.1% per annum) for the year ended 31 March 2021.

Bank balances and cash

At 31 March 2021, the bank balances in saving accounts carry interest at market rates of 0.01% per annum (2020: 0.01% per annum). At 31 March 2020, including bank balances of approximately HK$20,000,000 carried fixed interest rate ranged from 1.95% to 2.00% per annum.

24. TRADE AND BILLS PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**19,434**	9,199
Bills payables	**8,904**	2,371
	28,338	11,570

The following is an aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2021 HK$'000	2020 HK$'000
Within 30 days	**17,334**	6,273
31 to 90 days	**8,161**	4,291
91 to 180 days	**2,574**	811
Over 180 days	**269**	195
	28,338	11,570

The average credit period on purchases of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the trade and bills payables are the following amounts denominated in a currency other than the functional currency of relevant group entities:

	2021 HK$'000	2020 HK$'000
RMB	**356**	—
EUR	**14,612**	3,881
USD	**—**	2,148

25. ACCRUAL AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accrual	**4,119**	1,514
Other payables	**160**	542
	4,279	2,056

26. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured	**35,897**	41,396

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2021 HK$'000	2020 HK$'000
Within one year	**31,386**	36,499
After one year but within two years	**393**	386
After two years but within five years	**1,229**	1,204
Over five years	**2,889**	3,307
	35,897	41,396
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**4,511**	4,897
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	**31,386**	36,499
Amount shown under current liabilities	**35,897**	41,396

26. BANK BORROWINGS (Continued)

In addition, the Group bank borrowings carries variable interest rate and the contractual maturity. The ranges of effective interest rates (which are also equal to contracted interest rates) per annum on the Group's bank borrowings are as follows:

	2021	2020
Effective interest rate:		
Variable-rate bank borrowings	2.00% to 4.25%	2.00% to 4.25%

For the year ended 31 March 2021, the Group obtained new bank borrowings in the amounts of approximately HK$41,000,000 (2020: HK$96,800,000). The loans bear interest at market rates and will be repayable in accordance with the repayment schedule of each loan. The proceeds were used to finance the daily operation of the Group.

The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2021 HK$'000	2020 HK$'000
Facility amount	68,197	68,698
Utilisations at 31 March		
— Secured bank borrowings	35,897	41,396
Undrawn facility amount	32,300	27,302

As at 31 March 2021 and 2020, the banking facilities were secured by assets pledged as set out in notes 16 and 23 respectively:

- certain properties of the Group; and
- pledged bank deposits of the Group

27. CONTINGENT LIABILITIES

At 31 March 2020, the Group has been involved in a litigation and potential claim against the Group in relation to work-related injury. During the year ended 31 March 2021, the litigation has been finalised.

In the opinion of the directors of the Company, the litigation and potential claim are not expected to have a material impact on the consolidated financial statements. Accordingly, no provision has been made to the consolidated financial statements for the year ended 31 March 2020.

28. DEFERRED TAX LIABILITY

The movements of the deferred tax liability during the current and prior years were as follows:

Deferred tax liability:

	Accelerated tax depreciation HK$'000
At 1 April 2019	**57**
Charged to profit or loss *(note 10)*	**111**
At 31 March 2020 and 1 April 2020	**168**
Acquisition of a subsidiary *(note 31)*	**205**
Credited to profit or loss *(note 10)*	**(227)**
At the end of the year	**146**

At the end of reporting period, the Group had unused tax losses of approximately HK$9,756,000 (2020: HK$20,938,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

29. SHARE CAPITAL

The share capital as at 31 March 2021 and 2020 represented the share capital of the Company.

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	800,000,000	8,000

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings HK$'000 *(note 26)*	Lease liability HK$'000 *(note 17)*	Total HK$'000
At 1 April 2019	38,861	—	38,861
Financing cash flows:			
— Addition	96,800	—	96,800
— Repayment	(94,265)	(246)	(94,511)
— Interest paid	(1,666)	(12)	(1,678)
Non-cash changes			
— New lease arrangement *(note 32)*	—	1,250	1,250
— Finance costs incurred	1,666	12	1,678
At 31 March 2020 and 1 April 2020	41,396	1,004	42,400
Financing cash flows:			
— Addition	41,000	—	41,000
— Repayment	(46,499)	(424)	(46,923)
— Interest paid	(1,608)	(17)	(1,625)
Non-cash changes			
— Finance costs incurred	1,608	17	1,625
At the end of the year	**35,897**	**580**	**36,477**

31. ACQUISITION OF A SUBSIDIARY ACCOUNTED FOR AS AN ASSET ACQUISITION

On 27 August 2020, the sale and purchase agreement (the "**Sale and Purchase Agreement**") was entered into between Fortuna Enterprise Holding Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Mr. Lo Wing Cheung and Ms. Fung Pik Mei (the "**Controlling Shareholders**"), pursuant to which the Purchaser conditionally agreed to acquire and the Controlling Shareholders conditionally agreed to sell 100% of the issued share capital of Sun Warm Holding Company Limited ("**Sun Warm**"), for a total cash consideration of HK$32,300,000 and the transaction was subject to shareholders' approval. The main asset of Sun Warm is an investment property located in Quarry Bay, Hong Kong. On 19 October 2020, the shareholders of the Company approved, confirmed and ratified the Sale and Purchase Agreement. On 20 October 2020, the transaction has been completed. Details are set out in the circular dated on 22 September 2020.

31. ACQUISITION OF A SUBSIDIARY ACCOUNTED FOR AS AN ASSET ACQUISITION (Continued)

On 20 October 2020, the Group acquired 100% of the issued share capital of Sun Warm (the "**Acquisition**"). Sun Warm became a wholly-owned subsidiary after the Acquisition. Before the Acquisition, Sun Warm was directly owned by the Controlling Shareholders of the Company. The principal activity of Sun Warm is property investment, and its identifiable asset is mainly property, plant and equipment. The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. This Acquisition has been accounted for as an acquisition of asset rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable asset. Sun Warm was acquired so as to acquire the property as an office used for daily operations. The assets acquired and liabilities assumed at the date of acquisition of subsidiary comprise the following:

	HK$'000
Property, plant and equipment	32,265
Other receivables	26
Tax recoverable	4
Bank balances and cash	224
Other payables	(78)
Deferred tax liability	(205)
Net assets	32,236

Net cash outflow on acquisition of Sun Warm

	HK$'000
Cash consideration paid	32,236
Less: cash and cash equivalent balances acquired	(224)
	32,012

32. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2020, the Group entered into new lease arrangement in respect of a building. Right-of-use asset and lease liability of approximately HK$1,250,000 was recognised at the commencement of the lease.

33. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "**Scheme**"), was adopted pursuant to special written resolution of the Company passed on 19 December 2017 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 18 December 2027. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up on the date of grant, upon payment of HK$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the scheme and for the years ended 31 March 2021 and 2020.

34. PERFORMANCE BOND

At the end of the reporting period, the Group had provided the following guarantees:

	2021 **HK$'000**	2020 HK$'000
Guarantees in respect of performance bonds in favour of its customers	**10,456**	7,650

35. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements during the year, the Group entered into transactions with related party as follows:

Related party	**Nature of transaction**	**2021** **HK$'000**	2020 HK$'000
Sun Warm	Rental expenses *(note)*	**546**	936

Note: Sun Warm lease a property to the Group for a lease term of one year (2020: one year), where the lease is accounted as a short-term lease under HKFRS 16. Amount represented total rental expenses paid before the Acquisition.

35. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel for the year was as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**7,248**	7,514
Post-employment benefits	**90**	99
	7,338	7,613

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

For the year ended 31 March 2021, the total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$463,000 (2020: HK$456,000) represents contributions payable to the MPF scheme by the Group in respect of the current accounting period.

37. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2021 HK$'000	2020 HK$'000
Non-current asset			
Investment in a subsidiary	*(a)*	**44,596**	35,396
Current assets			
Amounts due from subsidiaries	*(b)*	**104,450**	78,853
Bank balances and cash		**4,068**	30,837
		108,518	109,690
Current liability			
Accrual and other payables		**24**	26
Net current assets		**108,494**	109,664
		153,090	145,060
Capital and reserves			
Share capital		**8,000**	8,000
Reserves	*(c)*	**145,090**	137,060
		153,090	145,060

Note: (a) *As at 31 March 2021, investment in a subsidiary is carried at cost of approximately HK$44,596,000 (2020: carried at cost of approximately HK$44,596,000 less accumulated loss of approximately HK$9,200,000).*

Note: (b) *The amounts due from subsidiaries are unsecured, interest free and repayable on demand.*

Note: (c) **Movements in reserves**

	Share premium HK$'000	Capital reserve HK$'000 *(Note)*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	103,940	44,572	(1,470)	147,042
Loss and total comprehensive expense for the year	—	—	(9,982)	(9,982)
At 31 March 2020 and 1 April 2020	103,940	44,572	(11,452)	137,060
Profit and total comprehensive income for the year	—	—	8,030	8,030
At 31 March 2021	**103,940**	**44,572**	**(3,422)**	**145,090**

Note: *Capital reserve represented the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon reorganisation.*

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ registered/ operation	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2021	2020	2021	2020	
Fortuna Enterprise Holding Limited	BVI	USD1	100%	100%	–	–	Investment holding
Kwan Tai Engineering Co., Limited	Hong Kong	HK$1	–	–	100%	100%	Trading of building materials and provision of construction and engineering services
Kwan Tai Engineering Co., Limited (Macau)	Macau	MOP 25,000	–	–	100%	100%	Inactive
Kwan Tai Engineering (China) Co., Limited	Hong Kong	HK$10,000	–	–	100%	100%	Inactive
鈞泰（深圳）建築材料有限公司 Kwan Tai Engineering (Shenzhen) Co., Limited *(Note 1)*	the PRC	RMB500,000	–	–	100%	100%	Inactive
Sun Warm *(Note 2)*	Hong Kong	HK$10,000	–	–	100%	–	Property investment

Note 1: It is a wholly-owned foreign enterprise.

Note 2: Sun Warm is acquired on 20 October 2020, details are set out in note 31.

None of the subsidiaries had issued any debt securities outstanding at the end of both years or at any time during both years.

* *The English translation is for identification purposes only.*

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows.

RESULTS

	For the year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**311,754**	157,046	230,066	280,061	202,319
Profit/(loss) before taxation	**11,112**	(23,670)	1,311	5,584	34,383
Income tax credit/(expenses)	**188**	(150)	(542)	(3,256)	(6,090)
Profit/(loss) for the year	**11,300**	(23,820)	769	2,328	28,293

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Non-current assets	**61,685**	30,849	31,034	31,909	7,272
Current assets	**171,642**	182,792	195,399	203,120	137,504
Total assets	**233,327**	213,641	226,433	235,029	144,776
Equity and Liabilities					
Total equity	**156,547**	145,247	169,067	168,560	54,292
Non-current liabilities	**293**	748	57	263	118
Current liabilities	**76,487**	67,646	57,309	66,206	90,366
Total liabilities	**76,780**	68,394	57,366	66,469	90,484
Total equity and liabilities	**233,327**	213,641	226,433	235,029	144,776

Notes: The summary of the consolidated results of the Group for the year ended 31 March 2017 and the assets, equity and liabilities as at 31 March 2017 have been extracted from the Prospectus.

The summary above does not form part of the audited financial statements.