Silver Tide Holdings Limited

銀濤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1943

2021
Annual Report

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Ip Chi Ming *(Chairman and Chief Executive Officer)*
Mr. Lau Woon Wing *(resigned on 1 April 2020)*
Mr. Wong Kin Wah *(appointed on 1 April 2020)*
Ms. Hui Nok Yi *(appointed on 1 September 2020)*

Independent Non-executive Directors:

Mr. Law Chi Hung
Mr. Shum Hau Tak *(resigned on 30 April 2021)*
Mr. Pau Chi Hoi
Mr. Tang Chi Wang *(appointed on 30 April 2021)*

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Flat A–B, 14th Floor
Skyline Tower
No. 18 Tong Mi Road
Mongkok
Kowloon
Hong Kong

COMPANY'S WEBSITE

www.silvertide.hk

COMPANY SECRETARY

Ms. Chow Hoi Fei *(Certified Public Accountant)*

AUTHORISED REPRESENTATIVES

Mr. Ip Chi Ming
Ms. Chow Hoi Fei *(Certified Public Accountant)*

AUDIT COMMITTEE

Mr. Law Chi Hung *(Chairman)*
Mr. Shum Hau Tak *(resigned on 30 April 2021)*
Mr. Pau Chi Hoi
Mr. Tang Chi Wang *(appointed on 30 April 2021)*

NOMINATION COMMITTEE

Mr. Pau Chi Hoi *(Chairman)*
Mr. Law Chi Hung
Mr. Lau Woon Wing *(resigned on 1 April 2020)*
Mr. Wong Kin Wah *(appointed on 1 April 2020)*

REMUNERATION COMMITTEE

Mr. Shum Hau Tak *(Chairman)*
(resigned on 30 April 2021)
Mr. Pau Chi Hoi
Mr. Ip Chi Ming
Mr. Tang Chi Wang *(appointed on 30 April 2021)*

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
24th Floor, Bank of China Tower
1 Garden Road
Hong Kong

AUDITOR

BDO Limited
(Certified Public Accountants)

COMPLIANCE ADVISER

Grande Capital Limited

LEGAL ADVISER

D. S. Cheung & Co.

STOCK CODE

1943

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Silver Tide Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), I am pleased to present the annual results of the Group for the year ended 31 March 2021 ("**FY2020/21**").

BUSINESS REVIEW

During the review period, our revenue remains relatively stable at approximately HK$437.8 million for the year ended 31 March 2020 ("**FY2019/20**") and approximately HK$437.2 million for FY2020/21. For FY2020/21, the Group has recorded profit attributable to owners of the parent of approximately HK$14.1 million, as compared to the loss attributable to owners of the parent of approximately HK$13.7 million for FY2019/20.

Despite the overall decrease in cost of sales and the overall increase in gross profit, the minimal net profit of the Group (excluding one-off other income and gains amounted to approximately HK$12.8 million) was primarily attributable to substantial cost of sales the Group incurred for one of the Group's project during the Year and the delay of certification of the Group's certain work done by the relevant main contractor as the work done involved several variation orders which the main contractor require additional time for certification.

FUTURE OUTLOOK

During the year, the Group was principally engaged in the provision of formwork work services in Hong Kong. Looking ahead, the formwork industry will face challenges and competition due to the uncertainties of construction industry in Hong Kong brought by the outbreak of novel coronavirus ("**COVID-19**") epidemic in Hong Kong since January 2020 and the Hong Kong economy has not fully recovered. Hong Kong construction developers may adopt pricing strategies and conservative development plans in the near future. In light of such challenges and competition, the Group will implement the following strategies to strengthen its competitiveness and operational efficiency. The Group will continue to try its best to implement tight cost control measures on existing projects, improve the efficiency of work-flow throughout the construction process, and strengthen the effectiveness of project management.

The Group is planning to diversify its business and sources of income, including without limitation, stepping into the financial and securities market in Hong Kong. On 12 October 2020, Titan Hwaks Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company, Element Delight Limited (the "**Vendor**") and Yau Wai Chung (the "**Guarantor**") entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of Yellow River Securities Limited at the consideration of HK$11,000,000, which has been satisfied by cash and the Guarantor agreed to guarantee the performance of the Vendor's obligations under the Agreement. For further details, please refer to the announcement of the Company dated 12 October 2020.

APPRECIATION

I would like to express on behalf of the Board of Directors of the Company, my sincere appreciation to the management team and all staff for their dedication and commitment to make valuable contributions to the Group during FY2020/21 and to thank all our shareholders, customers, subcontractors, suppliers and business partners for their continuous support. We are looking forward to overcoming all those challenges which might be facing by our combined efforts and to achieving the Group's success in the years to come.

Ip Chi Ming
Hong Kong, 30 June 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATION RESULTS

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$437.2 million for FY2020/21, which was relatively stable as compared with the revenue of approximately HK$437.8 million for FY2019/20.

- Gross profit was approximately HK$17.6 million for FY2020/21 representing an increase of approximately 108.4% as compared with the same for FY2019/20.

- Profit attributable to owners of the parent was approximately HK$14.1 million for FY2020/21, whereas loss attributable to owners of the parent was approximately HK$13.7 million for FY2019/20.

- Basic earnings per share was approximately HK1.4 cents for FY2020/21, and basic loss per share was approximately HK1.5 cents for FY2019/20.

- The Board does not recommend the payment of any final dividend for the FY2020/21.

BUSINESS REVIEW

The Group is principally engaged in the provision of formwork works services to both the public and private sectors in the construction industry in Hong Kong. The formwork business undertaken by our Group mainly include (i) traditional formwork using timber and plywood; and (ii) system formwork using aluminium and steel. The Group started its formwork works since 1998 and has more than 22 years of experience in the provision of its services in Hong Kong.

Our revenue was approximately HK$437.8 million for FY2019/20 which was relatively stable as compared with our revenue of approximately HK$437.8 million for FY2020/21.

During FY2020/21, the Group has purchased approximately HK$19.2 million metal scaffolding equipment and rented two warehouses for storing metal scaffolding equipment. The Group kept on pushing forward with own equipment so as to reduce our reliance on external metal scaffolding equipment suppliers.

BUSINESS PROSPECT

During the year, the Group was principally engaged in the provision of formwork work services in Hong Kong. Looking forward, the Directors are of the view that the coming year will remain challenging for the Group's business due to the intensified competition, shortage of skilled labour and increasing cost of labour, while the Hong Kong economy is still in recovery after the outbreak of COVID-19.

Having said that, the Directors believe that the increase in land supply in the medium to long term and the continuous effort in developing land resources (as supported by the Government's 2020 Policy Address) offers emerging opportunities of business development of the Group. The Directors are confident that the Group is well-positioned to grasp such emerging opportunities by taking up new projects and, hence, to overcome the multitudes of challenges and adversities brought by the outbreak of the COVID-19 epidemic. In this regard, the Group will continue to closely monitor the market, implement tight cost control measures on existing projects, improve the efficiency of work-flow throughout the construction process, and strengthen the effectiveness of project management.

As at 31 March 2021, the Group had 8 projects on hand that have been awarded to us but not completed, and the original contract value of such projects amounted to approximately HK$765.3 million.

On top of the above, the Group is planning to diversify its business and sources of income, including without limitation, stepping into the financial and securities market in Hong Kong. On 12 October 2020, the Purchaser, a wholly owned subsidiary of the Company, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of Yellow River Securities Limited at the consideration of HK$11,000,000, which has been satisfied by cash and the Guarantor agreed to guarantee the performance of the Vendor's obligations under the Agreement. For further details, please refer to the announcement of the Company dated 12 October 2020.

FINANCIAL REVIEW

Analysis of key items of results of operations

Revenue

Our revenue was approximately HK$437.2 million for FY2020/21, which was relatively stable as compared with the revenue of approximately HK$437.8 million for FY2019/20.

Gross profit and gross profit margin

Our gross profit and gross profit margin for FY2019/20 and FY2020/21 respectively were as follows:

	FY2020/21	FY2019/20
Revenue (HK$'000)	**437,177**	437,778
Gross profit (HK$'000)	**17,621**	8,455
Gross profit margin	**4.0%**	1.9%

The Group's gross profit increased by approximately HK$9.2 million or 108.4% from approximately HK$8.5 million for FY2019/20 to approximately HK$17.6 million for FY2020/21. Such increase was mainly because we recorded a lower gross profit during FY2019/20, for reasons such as (i) an increase in the subcontracting charges during FY2019/20 due to the unexpected delay in certain formwork works projects as a result of the then social unrest in Hong Kong and unexpected circumstances arise in a certain project; (ii) an increase in material and consumables costs during FY2019/20 as we have procured substantial amount of construction materials and consumables upfront before the commencement of major stage for certain projects as requested by the customers during FY2019/20; (iii) certain main contractors of the Group postponed the resumption of work at work sites after the Chinese New Year in 2020; and (iv) the disruption in supply of materials coming from the People's republic of China which resulted in delay in site progress and increase in cost during FY2019/20 due to the prolonged need for maintaining the required site workforce.

Other income and gains

Other income and gains increased by approximately HK$14.0 million from approximately HK$1.8 million for FY2019/20 to approximately HK$15.8 million for FY2020/21, representing an increase of approximately 760.5%. Such increase was mainly attributable to the increase in government subsidies of approximately HK$12.8 million (for FY2019/20: HK$0.7 million) and exchange gain of approximately HK$1.8 million (for FY2019/20: HK$0.1 million).

Administrative expenses

Administrative expenses decreased from approximately HK$23.8 million for FY2019/20 to approximately HK$18.3 million for FY2020/21, representing a decrease of approximately 23.4%. Such decrease was mainly because we did not record any listing expense during FY2020/21 (FY2019/20: approximately HK$7.4 million).

Finance costs

Finance costs decreased from approximately HK$1.1 million for FY2019/20 to approximately HK$0.2 million for FY2020/21, representing a decrease of approximately 77.5%. Such decrease was mainly attributable to the decrease in interest expense on existing bank loans and lease liabilities during FY2020/21.

Income tax

For FY2020/21, the Group's income tax on expense amounted to approximately HK$0.8 million, as compared with approximately HK$1.0 million of income tax credit amount for FY2019/20. Such change was mainly due to the increase in assessable profits of the Group during FY2020/21.

Profit/(Loss) attributable to owners of the parent

As a result of the foregoing, the profit attributable to owners of the parent amounted to approximately HK$14.1 million for FY2020/21 as compared to the loss attributable to owners of the parent of approximately HK$13.7 million for FY2019/20. If we exclude one-off other income and gains amounting to approximately HK$12.8 million, the Group recorded minimal net profit from operation for FY2020/21 of approximately HK$1.3 million, which was primarily attributable to substantial cost of sales the Group incurred for one of the Group's project during FY2020/21 and the delay of certification of the Group's certain work done by the relevant main contractor as the work done involved several variation orders which the main contractor require additional time for certification and after discussion with the relevant main contractor, such variation orders are expected to be certified before 30 September 2021.

Final dividend

The Board has resolved not to recommend the declaration of any final dividend for FY2020/21 (FY2019/20: nil).

Liquidity and financial resources

Our primary uses of capital are to satisfy our working capital needs and to fund our construction projects. We financed our working capital primarily from (i) cash generated from operating activities, which primarily comprised cash payments we received from our revenue from the provision of formwork works and other construction works (ii) bank borrowings and (iii) proceeds from issuance of stock. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents on hand and the cash generated from operating activities as the main sources of liquidity. As at 31 March 2021, the cash and cash equivalents, net current assets and total assets less current liabilities were approximately HK$77.3 million (as at 31 March 2020: approximately HK$121.0 million), approximately HK$216.6 million (as at 31 March 2020: approximately HK$211.4 million) and approximately HK$247.6 million (as at 31 March 2020: approximately HK$233.8 million), respectively.

Contingent liabilities

As at 31 March 2021, the Group did not have any material contingent liabilities (as at 31 March 2020: nil).

Capital commitments

As at 31 March 2021, the Group had capital commitments of approximately HK$2.0 million (as at 31 March 2020: approximately HK$8.7 million) contracted but not provided for the acquisition of property, plant and equipment.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board of Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign currency risk

The Group has no significant exposure to foreign currency risk because almost all of the Group's transactions are denominated in Hong Kong dollars. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should and when appropriate.

Gearing ratio

As at 31 March 2021, the Group's gearing ratio was nil (as at 31 March 2020: approximately 4.3%), representing total bank and other borrowings as a percentage of total equity. The decrease in gearing ratio was attributed to the decrease in interest-bearing bank loans from approximately HK$10.0 million as at 31 March 2020 to nil as at 31 March 2021.

Segment information

Save as disclosed in note 7 to the consolidated financial statements, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 31 March 2021 and 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the reporting year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the reporting year, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the reporting year, the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 45 employees in Hong Kong (31 March 2020: 35 employees). The remuneration package that our Group offers to employees includes salary, bonuses and other cash subsidies. In general, our Group determines employee salaries based on each employee's qualifications, position and seniority. As required by Hong Kong laws, we have enrolled all of our full-time staff in the Mandatory Provident Fund Scheme. We intend to maintain our remuneration package competitive in order to attract and retain talented labour, and we regularly carry out staff evaluation to assess their performance.

CAPITAL STRUCTURE

The shares of the Company (the "**Share**") were listed on Main Board of the Stock Exchange on 28 June 2019 (the "**Listing Date**"). There has been no change in the capital structure of the Company since then. As at 31 March 2021, the capital structure of the Company comprised mainly issued share capital and reserves.

CODE ON CORPORATE GOVERNANCE PRACTICES

Pursuant to A.2.1 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered the nature and extent of our Group's operations, and Mr. Ip Chi Ming's in-depth knowledge and experience in the industry and familiarity with the operations of our Group, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of our Company and that it is in the best interest of our Group to have Mr. Ip Chi Ming taking up both roles. As such, the roles of the chairman and chief executive officer of our Group are not being separated pursuant to the requirement under A.2.1 of Appendix 14 to the Listing Rules.

During FY2020/21 and up to the date of this annual report, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviation from the code provision A.2.1 of the Corporate Governance Code.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Share have been listed and traded on the Main Board of the Stock Exchange since 28 June 2019. The net proceeds from the Listing amounted to approximately HK$86.8 million as disclosed in the "Announcement of Offer Price and Allocation Results" dated 27 June 2019 and the section headed "Future Plans and Use of Proceed" in the Prospectus.

The utilisation of net proceeds raised by the Group from the Listing Date up to 31 March 2021 is as below.

Business strategies as stated in the Prospectus	%	Planned use of net proceeds as stated in the Prospectus HK$ million	Actual use of net proceeds up to 31 March 2021 HK$ million	Unutilised balance up to 31 March 2021 HK$ million	Expected timeframe for remaining unused net proceeds (Note)
Financing the startup costs for projects commencing from the calendar year 2019	89.9	78.0	78.0	–	–
Purchasing metal scaffold equipment and related expenses	10.1	8.8	8.8	–	–
Total	100	86.8	86.8	– (Note)	– (Note)

Note: The amount of net proceeds of approximately HK$86.8 million was fully utilised as at 31 March 2021.

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress and up to the date of this report.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this report
Financing the startup costs for projects commencing from the calendar year 2019	The Company has financed for the startup costs for three projects during FY2020/21 in which one of the project is delayed.
Purchasing metal scaffold equipment and related expenses	The net proceed had been allocated in purchasing metal scaffold equipment and related expenses during FY2019/20 and FY2020/21 for project usage.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. IP Chi Ming（葉志明先生）, aged 48, is our executive Director since 24 July 2018, our chief executive officer and chairman of the Board and a director of Forest Honour Limited and Hop Fat Yuk Ying Engineering Limited. Mr. Ip is also our controlling shareholder (as defined in the Listing Rules). He is also a member of the remuneration committee (the "**Remuneration Committee**"). He has over 22 years of experience in the construction industry specialising in providing formwork works in Hong Kong. Mr. Ip is primarily responsible for overseeing the day-to-day management and operations of our Group. He joined our Group in March 1998 and worked as a site supervisor in Hop Fat Yuk Ying Engineering Limited where he was responsible for supervising site operations of formwork works. Since April 2010, he has become a project director of Hop Fat Yuk Ying Engineering Limited and is responsible for overseeing operations and the technical aspects of the formwork works projects undertaken by Hop Fat Yuk Ying Engineering Limited.

Mr. Ip completed a construction safety supervisor course organised by the Construction Industry Training Authority in July 2000. He was also awarded a certificate in Building Studies (Building Option) by the Vocational Training Council of Hong Kong Institute of Vocational Education in July 2001. He attended secondary education in Hong Kong. Mr. Ip is also a vice-secretary to Hong Kong Formwork Contractors Association.

Mr. Ip is the spouse of Ms. Wong, a member of senior management.

Mr. LAU Woon Wing（劉煥榮先生）, aged 51, is our executive Director since 24 August 2018 and a member of the nomination committee (the "**Nomination Committee**"). He resigned as executive Director and a member of the Nomination Committee respectively on 1 April 2020 due to his other personal commitment. Mr. Lau confirmed he has no disagreement with the Board and there is no other matter with respect to his resignation that needs to be brought to the attentions of the Shareholders and the Stock Exchange. Prior to joining our Group, Mr. Lau worked as a quantity surveyor in Po On Construction Crystal Treasure Limited. Mr. Lau joined our Group in October 2001 as a quantity surveyor and was promoted to the position of senior quantity surveyor in October 2009. During these years, Mr. Lau was responsible for, among others, overseeing work progress on site and preparing payment applications. He had over 18 years of experience in the construction industry specialising in providing formwork works in Hong Kong. Mr. Lau attended secondary education in Hong Kong and completed a construction safety supervisor course organised by the Construction Industry Training Authority in November 1996. He was awarded a Higher Certificate in Quantity Surveying by the Vocational Training Council of Hong Kong Institute of Vocational Education in July 2000.

Mr. WONG Kin Wah（黃健華先生）, aged 46, is an executive Director and a member of the Nomination Committee since 1 April 2020.

He was awarded a certificate in building studies from the Vocational Training Council of Hong Kong Institute of Vocational Education in Hong Kong in September 1999. He also completed a construction safety supervisor course organised by the Construction Industry Council in January 2011. Mr. Wong joined the Group as a site supervisor in December 2009, he was promoted to his current position of project manager in December 2014. He has over nine years of experience in formwork project management, and has been principally responsible for overseeing the site operations of our Group.

Ms. Hui Nok Yi（**許諾誼女士**）, aged 29, is an executive Director since 1 September 2020.

Ms. Hui obtained a Bachelor of Translation with Business (Hons) from Hang Seng Management College (now known as The Hang Seng University of Hong Kong) in 2014. She also obtained a Master of Business Administration from City University of Hong Kong in 2018 and obtained a Master of Arts in Philosophy from The Chinese University of Hong Kong in 2020. Ms. Hui has over 5 years of experience in the finance industry. She worked in a property management and investment consultancy office from 2014 to 2015. Prior to joining the Group, she served as an account executive and a responsible officer in a securities company in Hong Kong from 2015 to 2019. Ms. Hui is currently a director of a company engaged in advising on securities and asset management business.

Independent non-executive Directors

Mr. SHUM Hau Tak（**岑厚德先生**）, aged 55, is our independent non-executive Director and joined the Company on 8 June 2019. He resigned as independent non-executive Director and a chairman of the Remuneration Committee and a member of the Audit Committee (the "**Audit Committee**") respectively on 30 April 2021. Mr. Shum confirmed he has no disagreement with the Board and there is no other matter with respect to his resignation that needs to be brought to the attentions of the Shareholders and the Stock Exchange.

Mr. Shum has over 32 years of experience in the construction industry. Between July 1985 and July 1988, Mr. Shum worked at Rider Levett Bucknall Limited (previously known as Levett & Bailey Chartered Quantity Surveyors Limited), a quantity surveying firm in Hong Kong, where he worked as a quantity surveyor. He then continued his studies in the United Kingdom. After completion of his studies in December 1991, he worked as a project quantity surveyor at Sun Fook Kong (Civil) Limited (previously known as Sung Foo Kee (Civil) Limited) from January 1992 to October 1992. From October 1992 to September 1998, he worked for Shun Shing Construction & Engineering Company, Limited, a construction contractor with offices in Hong Kong and Singapore, with his last position as a deputy general manager. In October 1998, Mr. Shum joined Kim Hung Construction & Engineering Company Limited, a construction contractor in Hong Kong, where he is currently serving as a director.

Mr. Shum graduated from Robert Gordon's Institute of Technology (now known as Robert Gordon University) in the United Kingdom with a Bachelor of Science degree in Quantity Surveying in July 1990, before he completed his Master of Science degree in Construction Project Management at The Victoria University of Manchester (now known as the University of Manchester) in the United Kingdom in December 1991.

Mr. Shum became a member of The Hong Kong Institute of Construction Managers, The Hong Kong Institute of Surveyors and The Hong Kong Institution of Engineers in August 2001, May 2005 and May 2009, respectively. He also became a registered professional engineer (building), registered professional surveyor in the quantity surveying division and registered construction manager in October 2010, April 2011 and March 2015, respectively.

Mr. Shum is the president of the Hong Kong Institute of Construction Managers, and a committee member of the Safety Specialist Committee of the Hong Kong Institution of Engineers.

Mr. PAU Chi Hoi（鮑智海先生）, aged 42, is our independent non-executive Director and joined the Company on 8 June 2019. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Pau is responsible for supervising and providing independent judgement of our Board, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Pau has over 12 years of experience in the architecture industry. Between October 2007 and October 2009, Mr. Pau worked as an architectural assistant at MLA Architects (H.K.) Limited, an architectural consultancy firm in Hong Kong. He subsequently worked for CYS Associates (Hong Kong) Limited, an architecture firm in Hong Kong, from January 2010 to November 2012 with his last position as an architect. From November 2012 to June 2015, Mr. Pau worked at Wong & Ouyang (HK) Limited, an architecture firm with offices in Hong Kong and Shanghai, with his last position as senior architect. From June 2015 to April 2016, he was an assistant project manager of Kowloon Development Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0034), principally engaged in property investment and development. He worked as an architect at AGC Design Limited, an architectural firm, from July 2016 to December 2017. Since January 2018, he has been working at Far East Architects Limited, an architecture firm in Hong Kong, where he is currently serving as a director.

Mr. LAW Chi Hung（羅智鴻先生）, aged 38, is our independent non-executive Director and joined the Company on 8 June 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Law is responsible for supervising and providing independent judgement of our Board, the Audit Committee and the Nomination Committee.

Mr. Law has over 14 years of experience in providing accounting, auditing and taxation services. Between November 2005 and October 2006, he worked as an accountant at HLB Hodgson Impey Cheng, a CPA firm in Hong Kong. From November 2006 to November 2009, he worked for Shinewing (HK) CPA Limited, a CPA firm with offices in the PRC and Hong Kong, with his last position as a senior accountant. He subsequently worked for different audit firms including Kenny Tam & Co., CPA, a CPA firm in Hong Kong, from June 2011 to August 2012 with his last position as an audit supervisor, and Ko Shun CPA & Company, a CPA firm in Hong Kong, as a practicing partner. In July 2014, Mr. Law established CT CPA & Company, CPA firm in Hong Kong, and is currently the sole proprietor of the firm. Since March 2017, he has also served as a director of CLG CPA Limited, a CPA firm in Hong Kong.

Mr. Law has served as an independent non-executive director of SEEC Media Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 205), since June 2015.

Mr. Law obtained a Bachelor of Business Administration (Honours) in Accountancy from the City University of Hong Kong in Hong Kong in November 2005. He became a member and a fellow member of the Hong Kong Institute of Certified Public Accountants in May 2010 and July 2017, respectively. Mr. Law is also a member of The Hong Kong Independent Non-Executive Director Association.

Mr. Tang Chi Wang (鄧智宏), aged 43, is our independent non-executive Director and joined the Company on 30 April 2021. He is the chairman of the Remuneration Committee and a member of the audit committee (the "**Audit Committee**"). Mr. Tang is responsible for supervising and providing independent judgement to our Board, the Audit Committee and the Remuneration Committee.

He has over 23 years of experience in building construction in Hong Kong. Since April 2012, Mr. Tang has been a director of Adwise Building Consultancy Limited, a company incorporated in Hong Kong, where he is primarily responsible for the overall management of its business operation. In addition, Mr. Tang has been (i) an independent non-executive director of Thelloy Development Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1546), since September 2015; and (ii) an independent non-executive director of CTR Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1416), since 2019.

Mr. Tang was admitted as a fellow of The Chartered Institute of Arbitrators, Hong Kong Institute of Arbitrators, Hong Kong Institute of Construction Managers, The Chartered Association of Building Engineers and The Hong Kong Institute of Surveyors in July 2007, July 2008, December 2012, February 2014 and November 2015, respectively. In January 2003 and October 2008, he was also respectively admitted as a member of The Chartered Institute of Building and the Royal Institution of Chartered Surveyors.

Mr. Tang obtained a Diploma in Building Studies from the Morrison Hill Technical Institute (now renamed the Hong Kong Institute of Vocational Education (Morrison Hill)) in Hong Kong in August 1996, a Higher Diploma in Surveying from the City University of Hong Kong in Hong Kong in November 1999, a Bachelor of Science (Honours) degree in Building Surveying from the University of Northumbria at Newcastle in the United Kingdom in June 2000, a Postgraduate Diploma in Arbitration from The College of Estate Management in the United Kingdom (through distance learning) in January 2005, a Bachelor of Laws (Honours) from the University of London in the United Kingdom in August 2008 and a Master of Public Administration degree from the Hong Kong Baptist University in Hong Kong in November 2011.

SENIOR MANAGEMENT

Ms. CHOW Hoi Fei（周凱菲小姐）, aged 33, is our financial controller and company secretary. She has over eight years of experience in auditing and accounting and is responsible for overseeing the financial operations of our Group. Ms. Chow joined our Group in May 2018. Prior to joining our Group, Ms. Chow worked at Shinewing (HK) CPA Limited from October 2010 to November 2012 with her last position as a semi-senior accountant. She subsequently worked for Mazars CPA Limited as a senior auditor from December 2012 to November 2013, and PricewaterhouseCoopers Limited as a senior associate from November 2013 to May 2015. Between August 2015 and April 2018, Ms. Chow worked at Biel Crystal (HK) Manufacturing Limited, a Hong Kong-based company principally engaged in the manufacture of glass products, with her last position as an assistant finance manager.

Ms. Chow obtained a Bachelor of Business Administration (Honours) in Accountancy from the City University of Hong Kong in Hong Kong in July 2010. Ms. Chow became a certified public accountant of the Hong Kong Institute of Certified Public Accountants in July 2014.

Ms. CHAN So Yu（陳素如小姐）, aged 35, is our human resources and purchasing manager. Ms. Chan first joined our Group in October 2011 as an office assistant of Hop Fat Yuk Ying Engineering Limited, and rejoined our Group in June 2015 after leaving us in March 2015. She was promoted to her current position as our human resources and purchasing manager in August 2017. She is primarily responsible for overseeing the human resources of our Group as well as supervising the daily operations of our Group's purchasing department.

Ms. Chan completed the Hong Kong Advanced Level Examination in June 2008.

Ms. WONG Fong Choi (王芳彩小姐), aged 48, is our head of administrative department. Ms. Wong first joined our Group in July 2003 as an administrative clerk of Hop Fat Yuk Ying Engineering Limited. Prior to rejoining our Group in April 2018 after leaving us in December 2015, Ms. Wong worked at JC International Group Limited from July 2014 to March 2018 with her last position as a customer retention executive.

She was promoted to her current position as our administrative department head in October 2019. She is primarily responsible for overseeing the administration of our Group as well as supervising the daily operations of our Group's administrative department.

Ms. Wong completed the Hong Kong Certificate of Education Examination in June 1993.

Ms. Wong is the spouse of Mr. Ip, an executive Director.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for FY2020/21.

SHARE OFFER

The Company was incorporated on 24 July 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of the Stock Exchange on 28 June 2019.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

Details of the net proceeds amounted to approximately HK$86.8 million and the utilisation of net proceeds raised by the Group from the Listing Date up to 31 March 2021 are set out in the sections headed "Management Discussion and Analysis" on pages 5 to 11 of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group are principally engaged in providing construction services including traditional formwork using timber and plywood, system formwork using aluminium and steel, and ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong. There was no significant change in the Group's principal activities during FY2020/21.

PRINCIPAL PLACE OF BUSINESS

The Company is an exempted company incorporated in the Cayman Islands on 24 July 2018 with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of operations of the Company is located at Room A–B, 14th Floor, Skyline Tower, No. 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 24 July 2018.

In preparation for the Listing, the Group underwent a reorganisation, details of the reorganisation are set out in note 2.1 to the consolidated financial statements.

The Company's shares were listed on the Main Board of the Stock Exchange on 28 June 2019.

SEGMENT INFORMATION

Save as disclosed in note 7 to the consolidated financial statements, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 31 March 2021 and 2020.

RESULTS AND DIVIDEND

The results of the Group for FY2020/21 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46.

The Board did not recommend the payment of a final dividend for FY2020/21.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 27 August 2021 (the "**2021 AGM**"). For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 24 August 2021 to Friday, 27 August 2021 (both days inclusive) during which period no share transfer will be registered. In order to be eligible to attend and vote at the 2021 AGM, all transfers forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Monday, 23 August 2021.

BUSINESS REVIEW

The review of the Group's business and outlook for FY2020/21 is set out in the sections headed "Chairman's Statement" on pages 3 to 4 and "Management Discussion and Analysis" on pages 5 to 11 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's results of operation may vary significantly from time to time depending on, among other factors, the political and economic environment, level of competitiveness, the quality of service and timeliness of subcontractors, and the adequacy and efficiency of internal processes implemented by staff and systems. The Group believes that there are certain risks and uncertainties involved both in the operations and in the markets which can be summarised as below.

Operational Risks

The Group determines the contract price based on the estimated time and costs involved in the project. Due to unexpected circumstances such as bad weather, social, political and economic conditions in Hong Kong, the actual time and costs incurred in construction projects may exceed the Group's estimation at the time of tendering submission and the work in progress may be interrupted. As a result, such variations could adversely affect the Group's operations and financial results. In such situations, the Group will implement measures such as recruiting additional manpower including subcontracting the works in order to expedite the work progress.

The Group's liquidity position may be adversely affected if the progress payment or the retention money is not paid or released to the Group on time or in full or the construction project cash flows are fluctuated. To mitigate the pressure of financial liquidity, the Group produces aging analysis on regular basis and contacts the management level of the customers so as to get a better understanding of their solvency status.

Any delay in project would affect the Group's cash position. The Group regularly has progress meetings with the main contractors, i.e. the customers, regarding each site's progress. The Group plans the deployment of labour and other resources accordingly. The Group's accounting and finance department also forecasts the works to be done in the forthcoming months to plan the liquidity and working capital use and reports to the executive Directors who then consider whether contingency plans are required.

Market Risks

Despite the construction industry is one of the traditional core industries in Hong Kong and it is currently benefitting from strong housing needs and large infrastructure projects by the Hong Kong government, the construction industry may suffer adverse impact of the change in government policies, financial crisis and unanticipated natural disasters. Delays in project commencement, particularly projects in the public sector due to late approval of new funding, escalation in purchase price of construction materials or deployment of labour may affect the project portfolio. Nevertheless, the Group will not just rely on participating in projects from public sector but the Group will also be more involved in projects from the private sectors.

Labour shortage and ageing problem have taken root in the construction industry for a number of years and the Group has leveraged on the good relationship with the labour and subcontractors to mitigate this risk. The Group has a list of approved subcontractors which the Group has reviewed and updated regularly to ensure they have maintained sufficient work force. The project team has regular meeting to discuss the deployment of labour, including the timing and number of workers required. The Group has early planning in the formwork design stage and recommends system formwork where possible since the assembling of system formwork demands less workmanship as compared to timber formwork and hence less costly and experienced workers, which in turn is expected to be more in supply.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to minimising the adverse impact to the environment caused by business operations. In order to comply with the applicable environmental protection laws and regulations, the Group established an environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both employees and workers of the subcontractors on among others, air pollution, noise control and waste disposal. The Group will continue to reduce the impacts of its operation on the environment and continue to make efforts to save energy.

The "Environmental Social and Governance Report" of the Company to be prepared in accordance with Appendix 27 of the Listing Rules will be published by 31 August 2021.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, these was no material breach or non-compliance with the applicable laws and regulation by the Group.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year under review, there were no material and significant dispute between the Group and its suppliers, customers and/or stakeholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2020/21 are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

Details of movements in the bank borrowings of the Group during FY2020/21 are set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

Details of movement in the Company's share capital during FY2020/21 are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during FY2020/21 are set out on page 98 and in the consolidated statement of changes in equity respectively.

As of 31 March 2021, the Group had reserves amounted to approximately HK$236,026,000 available for distribution.

DIRECTORS

The Directors of the Company during FY2020/21 and up to the date of this annual report were as follow:

Executive Directors:
Mr. Ip Chi Ming *(Chairman and Chief Executive Officer)*
Mr. Lau Woon Wing *(resigned on 1 April 2020)*
Mr. Wong Kin Wah *(appointed on 1 April 2020)*
Ms. Hui Nok Yi *(appointed on 1 September 2020)*

Independent Non-executive Directors:
Mr. Law Chi Hung
Mr. Shum Hau Tak *(resigned on 30 April 2021)*
Mr. Pau Chi Hoi
Mr. Tang Chi Wang *(appointed on 30 April 2021)*

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report. Information regarding Directors' emoluments are set out in note 11 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SERVICE CONTRACTS OF THE DIRECTORS

Each of the Directors has entered into a service contract with the Company for a term of three years and shall be terminable by either party giving not less than six months' notice in writing to the other.

In accordance with Articles 83 and 84 of the Articles of Association, each of the Directors will hold office until the forthcoming AGM and will then be eligible for re-election. None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During FY2020/21, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules. Save as disclosed under the "Related Party Transactions" in note 32 to the consolidated financial statements in this annual report, there were no transaction, arrangement or contract of significance, to which the Company, any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director of any entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2021 or any time during FY2020/21, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

RELATED PARTY TRANSACTIONS

Related party transactions during FY2020/21 are disclosed in note 32 to the consolidated financial statements in this annual report. None of these related party transactions constituted connected transaction or continuing connected transaction under the Listing Rules.

MANAGEMENT CONTRACTS

The Company did not enter into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group during FY2020/21.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Scheme include the Company's directors, full-time or part-time employees of the Group, consultant, adviser, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner and service provider of the Group. The Scheme became effective on 8 June 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised shares in respect of which options may be granted under the Scheme is such a number of shares representing 10% of the issued share capital of the Company as at the Listing Date, i.e. 100,000,000 shares. The 10% limit may be refreshed at any time by approval of the shareholders in the general meeting. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options must be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange daily quotations sheet on the date of grant of the share options; (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange daily quotations sheet for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No option has been granted from the date of adoption of the Scheme up to the date of approval of these consolidated financial statements.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders of the Company (the "**Shareholder(s)**") by reason of their holdings of the shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum public float of 25% as required under the Listing Rules, was held by the public at all times from the Listing date and up to the date of this annual report.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Grande Capital Limited ("**Grande**"), as at 31 March 2021, except for the compliance adviser agreement entered into between the Company and Grande dated 27 September 2018, neither Grande nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

COMPETING INTERESTS

During FY2020/21, none of the Directors nor the controlling shareholders of the Company and their respective associates (as defined under the Listing Rules) 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.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders of the Company has made an annual declaration to the Company that during FY2020/21 and up to date of this annual report, he/it has complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company under a deed of non-competition dated 8 June 2019. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

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 and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Mr. Ip Chi Ming	Interest in a controlled Corporation (Note)	750,000,000 (Long position)	75.0%

Note: The Shares are held by Silver Tide Enterprises Limited, the equity interest of which is owned as to 100% by Mr. Ip Chi Ming. Mr. Ip Chi Ming is deemed to be interested in all the Shares held by Silver Tide Enterprises Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at the date of this annual report, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

So far as the Directors are aware, as at 31 March 2021, the following persons (not being Directors or chief executive of the Company) have or are deemed or taken to have an interest or short position in the Shares or the underlying Shares 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 would be recorded in the register required to be kept under section 336 of the SFO:

The Company

Name	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Silver Tide Enterprises Limited	Beneficial owner	750,000,000 (Long position)	75.0%
Ms. Wong Fong Choi	Interest of spouse (Note)	750,000,000 (Long position)	75.0%

Note: Ms. Wong Fong Choi is Mr. Ip Chi Ming's spouse and is deemed to be interested in the 750,000,000 Shares in which Mr. Ip Chi Ming is interested for the purpose of the SFO.

Save as disclosed above, as at the date of this annual report, none of the substantial shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than shareholdings disclosed above, at no time during FY2020/21 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2020/21, the Group's five largest customers in aggregate and the single largest customer accounted for approximately 97.3% (FY2019/20: approximately 90.9%) and 64.0% (FY2019/20: approximately 34.0%) of the Group's total revenue respectively.

During FY2020/21, the Group's five largest suppliers in aggregate and the single largest supplier accounted for approximately 76.3% (FY2019/20: approximately 59.9%) and 30.8% (FY2019/20: approximately 29.6%) of the Group's total purchases respectively.

To the best of the knowledge of the Directors, saved as disclosed in this annual report, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in these major customers or suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2020/21.

PERMITTED INDEMNITY PROVISION

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

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during FY2020/21 or subsisted at the end of the reporting period.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 28 to 39 of this annual report.

CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 24 July 2020. The Board did not propose the re-appointment of Ernst & Young ("**EY**") as the auditor of the Company for FY2020/21 with effect from the conclusion of the 2020 Annual General Meeting ("**2020 AGM**") held on 28 August 2020 and EY retired as the auditor of the Company with effect from the conclusion of the 2020 AGM held on 28 August 2020. BDO Limited ("**BDO**") was appointed as the auditor of the Company for the period from the conclusion of the 2020 AGM to the conclusion of the forthcoming annual general meeting. For details, please refer to the announcement of the Company dated 28 August 2020. A resolution to appoint the auditors of the Company and authorise the Directors to fix its remuneration will be proposed at the forthcoming annual general meeting. Save as disclosed above, there was no change in auditors of the Company in the past three years.

EVENTS AFTER THE REPORTING PERIOD

The COVID-19 epidemic and the subsequent quarantine measures imposed by the Hong Kong government had no material impact on the Group's operation.

The Directors are monitoring the situation and will continue to assess and react actively to the impact of the COVID-19 epidemic on the Group's operations, financial position and financial performance accordingly.

On behalf of the Board
Ip Chi Ming
Chairman, Chief Executive Officer and Executive Director

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report in the Group's annual report for FY2020/21.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

To the best knowledge of the Board, except for the deviation from the code provision A.2.1 of the CG Code, the Company has complied with the code provisions in the CG Code throughout FY2020/21 and up to the date of this report.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered (i) the nature and extent of the Group's operations; (ii) Mr. Ip Chi Ming's in-depth knowledge and experience in the construction industry and familiarity with the operations of the Group; (iii) that all major decisions are made in consultation with members of the Board and relevant Board committees; and (iv) that there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Ip Chi Ming taking up both roles. As such, the roles of the chairman and chief executive officer of our Group are not being separated pursuant to code provision A.2.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during FY2020/21 and up to the date of this annual report.

BOARD COMPOSITION

The Board currently comprises three executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

Executive Directors:

Mr. Ip Chi Ming *(Chairman and Chief Executive Officer)*
Mr. Lau Woon Wing *(resigned on 1 April 2020)*
Mr. Wong Kin Wah *(appointed on 1 April 2020)*
Ms. Hui Nok Yi *(appointed on 1 September 2020)*

Independent Non-executive Directors:

Mr. Law Chi Hung
Mr. Shum Hau Tak *(resigned on 30 April 2021)*
Mr. Pau Chi Hoi
Mr. Tang Chi Wang *(appointed on 30 April 2021)*

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 12 to 16 of this annual report. The relationships between the members of the Board are also disclosed under the same section.

The current proportion of independent non-executive Director is higher than what is required by Rule 3.10A, 3.10(1) and (2) of the Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors is appointed under a service contract for a term of three years which is terminable by either party by giving six months' written notice to the other party.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation and re-election at AGM at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting and any Director appointed by the Board as an addition to the Board shall hold office until the next following AGM after his appointment and they will be subject to re-election at such meeting. Accordingly, Ms. Hui Nok Yi, Mr. Tang Chi Wang, Mr. Law Chi Hung and Mr. Pau Chi Hoi will retire from office as Directors by rotation at the AGM and being eligible to offer themselves for re-election at the AGM.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors confirmed that they had complied with code provision A.6.5 of the Code during FY2020/21 and up to the date of this annual report, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Directors are required to provide the Company with details of the training's records. Based on those training's records, all the Directors received training in the form of reading and/or online studying during FY2020/21 including reading relevant news alerts, newspapers, journals, magazines and relevant publications relating to the latest development of the Listing Rules, other applicable regulatory requirements and directors' duties and responsibilities. All Directors had attended the in-house training. The training covered topics which include, the disclosure obligations in Hong Kong, the requirements of disclosable transactions and connected transactions etc. under the Listing Rules.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (www.silvertide.hk) and the Stock Exchange's website (www.hkexnews.hk) and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Board of Directors" in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The Company intends to hold Board meetings regularly and at least four times a year. Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

During FY2020/21, there were seven Board meetings held, at which the Directors approved, among other things, the annual report of the Group for FY2019/20.

Prior notice convening the Board meeting was dispatched to the Directors before the Board meeting setting out the matters to be discussed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions. The company secretary of the Company had been responsible for ensuring the procedures of the Board meeting are observed and keeping minutes for the Board meeting which were sent to the Directors for records and are open for inspection at any reasonable time by any Director on reasonable notice.

As at the date of this annual report, the members of the Board are Mr. Ip Chi Ming (Chairman and Chief Executive Officer), Ms. Hui Nok Yi (appointed on 1 September 2020) and Mr. Wong Kin Wah as executive Directors, and Mr. Tang Chi Wang (appointed on 30 April 2021), Mr. Pau Chi Hoi and Mr. Law Chi Hung as independent non-executive Directors.

The attendance record of each Director at the Board and Board Committee meetings of the Company held during FY2020/21 is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	**Board Meeting**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**General Meeting**
Executive Directors					
Mr. Ip Chi Ming	7/7	N/A	5/5	N/A	1/1
Mr. Lau Woon Wing *(resigned on 1 April 2020)*	N/A	1/1	N/A	N/A	N/A
Mr. Wong Kin Wah *(appointed on 1 April 2020)*	6/6	2/2	N/A	N/A	1/1
Ms. Hui Nok Yi *(appointed on 1 September 2020)*	3/3	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Law Chi Hung	7/7	3/3	N/A	2/2	1/1
Mr. Shum Hau Tak *(resigned on 30 April 2021)*	7/7	N/A	5/5	2/2	1/1
Mr. Pau Chi Hoi	7/7	3/3	5/5	2/2	1/1
Mr. Tang Chi Wang *(appointed on 30 April 2021)*	N/A	N/A	N/A	N/A	N/A

AUDIT COMMITTEE

The Audit Committee of the Company was established on 8 June 2019. The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, and all of the members are our independent non-executive Directors namely Mr. Pau Chi Hoi, Mr. Shum Hau Tak (resigned on 30 April 2021) and Mr. Tang Chi Wang (appointed on 30 April 2021) together with Mr. Law Chi Hung, who is the chairman of the Audit Committee, possesses the appropriate accounting or related financial management expertise.

The primary duties of the Audit Committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

The Audit Committee has approved and reviewed with the management of the Group the accounting principles and policies adopted by the Group, and the consolidated financial information of the Group and the annual results announcement of the Company for FY2020/21.

During FY2020/21, the Audit Committee held two meetings. The members of Audit Committee reviewed and discussed with the external auditors of the Company on the Group's audited consolidated financial statements for FY2019/20 and the unaudited interim consolidated financial statements for the six months ended 30 September 2020. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that is necessary.

REMUNERATION COMMITTEE

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three members, namely Mr. Ip Chi Ming, Mr. Pau Chi Hoi together with Mr. Shum Hau Tak (resigned on 30 April 2021) and Mr. Tang Chi Wang (appointed on 30 April 2021), our independent non-executive Director, being the chairman of the committee.

The primary duties of the Remuneration Committee are to (i) develop and review the policies and the structure of the remuneration for our Directors; (ii) evaluate the performance of, and make recommendations on the remuneration packages of all Directors and senior management; and (iii) evaluate and make recommendations on employee benefit arrangements.

During FY2020/21, the Remuneration Committee held five meeting to review the remuneration of all Executive Directors and senior management individually.

NOMINATION COMMITTEE

We have established the Nomination Committee with written terms of reference in compliance with paragraph A5 of the CG Code. The nomination committee consists of three members, namely Mr. Law Chi Hung, Mr. Lau Woon Wing (resigned on 1 April 2020), Mr. Wong Kin Wah (appointed on 1 April 2020) together with Mr. Pau Chi Hoi, our independent non-executive Director, being the chairman of the committee.

The primary functions of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors, and on matters of succession planning.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the board diversity policy (the "**Board Diversity Policy**"), including but not limited to gender, age, length of service, cultural and education background and professional experience.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During FY2020/21, the Nomination Committee held three meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

DIRECTOR NOMINATION POLICY

The Company has adopted a director nomination policy, pursuant to which in evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy of the Company that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board and/or the Company, as well as the Company's development strategies, future goals and growth, in terms of qualifications, skills, experience, independence, gender and race diversity.
- The candidate's role and position as a member of a diverse Board.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of the Directors and succession planning.

As regards selection and appointment of new Director:

- The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check of each candidate (where applicable).

- The Nomination Committee should then recommend that the Board appoint the most appropriate candidate for directorship, as applicable.

- For any person that is nominated by a shareholder for election as a director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to the Shareholders with respect to the proposed election of Directors at a general meeting.

As regards re-election of Director at general meeting:

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his level of participation and performance on the Board.

- The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above.

- The Nomination Committee and/or the Board should then make recommendations to shareholders in respect of the proposed re-election or replacement of the Directors at a general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

BOARD DIVERSITY POLICY

The Board recognises and embraces the benefits of having a diverse board with a view to enhancing its effectiveness and achieving a high standard of corporate governance. Therefore, the Company has adopted a Board Diversity Policy on 8 June 2019 to ensure that candidates to the Board will be selected based on a range of diversity perspectives, including but not limited to gender, age, length of service, cultural and education background and professional experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Nomination Committee is responsible for implementation, monitoring and periodic review of the Board Diversity Policy to ensure its effectiveness and application.

In particular, the Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board. In recognising the importance of gender diversity, the Company is committed to provide career development opportunities for female staff. Further, the Company has confirmed that the Nomination Committee will identify and recommend and the Company will appoint at least two female candidates to the Board as directors of the Company, representing at least a quarter of the Board, within three years from the Listing Date.

CORPORATE GOVERNANCE FUNCTIONS

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for FY2020/21.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 39 to 44 of this annual report.

AUDITOR'S REMUNERATION

During FY2020/21, Ernst & Young ("**EY**") has retired as the auditor of the Company with effect from the conclusion of the 2020 AGM held on 28 August 2020 and the Company has appointed BDO Limited ("**BDO**") on the same day as the auditor of the Company. Please refer to the section headed "Change of Auditors" of this annual report for details.

During FY2020/21, the total fee paid/payable in respect of services (excluding listing relating services) provided by BDO is set out below:

Service Category	**Fees Paid/ Payable HK$'000**
Audit services	800
Non-audit services – agreed-upon procedures	200
Total	1,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the Group's strategic objectives. The Group has not established a separate internal audit department; however, procedures are in place to provide adequate resources and qualified personnel to carry out the duties of the internal audit function, including annual review of the effectiveness of risk management and internal control. The Group has engaged an external independent consultant to conduct a review on the internal control and risk management systems of the Group during FY2020/21 and to report their findings to the Audit Committee and the Board. The scope of review for the year 2020 covered overall management control, risk assessment and management, control procedures for revenue, purchasing, property, plant and equipment and human resource management.

Based on review and procedures conducted, the Board considers that the Group's risk management and internal control systems are effective and adequate. However, the risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

COMPANY SECRETARY

The company secretary of the Company is Ms. Chow Hoi Fei whose biographical details are set out in the section headed "Directors and Senior Management" in this annual report.

Ms. Chow Hoi Fei has confirmed that she had attained no less than 15 hours of relevant professional training during FY2020/21 as required by Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution will be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 58 of the Articles of Association, 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 carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions in the Articles of Association or the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by the Shareholders at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph to consider the business specified in the requisition.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following Contact Details:

Address: Flat A–B, 14th Floor, Skyline Tower, No. 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong

Fax: (852) 3706 5384

Email: info@silvertide.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with shareholders and in particular, through AGMs and other extraordinary general meetings.

At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. The Company maintains a website at www.silvertide.hk as a communication platform with the shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

DIVIDEND POLICY

In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company. The Board shall take into account the following factors, among other factors:

(a) the Group's operation and financial performance, profitability, business development, prospects, capital requirements and cash flow;

(b) the amount of distributable reserves of the Company;

(c) the expected capital requirements and future expansion plans of the Group;

(d) the economic outlook, the general business and regulatory conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(e) the statutory and regulatory restrictions;

(f) the interests of the shareholders of the Company; and

(g) other factors that the Board deems relevant.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company since the Listing Date and up to the date of this annual report.

The amended and restated memorandum and articles of association of the Company are available on the respective websites of the Stock Exchange and the Company.

INDEPENDENT AUDITOR'S REPORT

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Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

TO THE SHAREHOLDERS OF SILVER TIDE HOLDINGS LIMITED
(銀濤控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Silver Tide Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 51, 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 issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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 (continued)

Accounting for construction contracts

For FY2020/21, the Group's revenue and costs recognised for contract works amounted to approximately HK$437 million and HK$419 million, respectively.

The Group's revenue from construction contracts is recognised over time using the output method, based on direct measurements of the value transferred by the Group to the customer with reference to the certified value of work performed up to the end of the reporting period and the estimated total revenue for the contracts entered into by the Group. The Group's contract costs are recognised when work is performed, together with any provisions for onerous contracts.

The Group's revenue and costs for contract works were quantitatively significant to the Group's consolidated financial statements as a whole and the recognition of contract revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and potential liquidation damages and in estimating the provisions for onerous contracts.

The accounting policies, significant accounting judgements and estimates and disclosures for the Group's revenue and costs of construction contracts are included in notes 5(n), 6 and 8 to the consolidated financial statements.

Our response:

Our procedures in relation to the recognition of revenue and costs for construction contracts included:

- understanding and evaluating the Group's processes controls over contract revenue and contract costs recognition and budget estimation;
- testing the calculation of revenue and profits recognised for the current year from construction contracts;
- agreeing the progress towards complete satisfaction of the performance obligation to the customers' latest certificates;
- discussing with management and the related project teams about the progress of major projects, and the estimates and assumptions adopted in the estimation of contract revenue and forecast of contract costs, including historical outcomes of similar contracts, forecasted costs to completion and assessment of potential liquidated damages for major contracts; and
- testing the supporting documents of the estimated revenue and budgets on a sample basis, which include historical outcomes of similar contracts, sub-contracting contracts, material purchase contracts and price quotations, etc.

KEY AUDIT MATTER (continued)

Impairment assessment of trade receivables and contract assets

As at 31 March 2021, the Group's trade receivables and contract assets amounted to approximately HK$28 million and HK$145 million, respectively, which in aggregate represented about 65% of the current assets of the Group.

Significant management judgement is required to assess the recoverability of trade receivables and contract assets. Management performed a detailed analysis which considered customers' ageing profile, credit history and historical payment pattern for the estimation of expected credit losses ("ECLs") on its trade receivable and contract assets.

The accounting policies, significant accounting judgements and estimates and disclosures for the impairment assessment of trade receivables and contract assets are included in notes 5(g), 6, 18, 19 and 35 to the consolidated financial statements.

Our responses:

Our procedures in relation to the impairment assessment of trade receivables and contract assets included:

- understanding and evaluating the Group's processes controls over the collection and the assessment of the recoverability of trade receivables and contract assets;
- obtaining and evaluating the management's assessment on the ECLs of trade receivables and contract assets with reference to the historical payment records, public available information and credit history of the Group's customers;
- testing the ageing of the trade receivables and contract assets at the end of the reporting period on a sample basis; and
- testing the subsequent settlements and the latest amounts of revenue certified by customers on a sample basis.

OTHER MATTER

The consolidated financial statements of the Group for FY2019/20, were audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2020.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 30 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	8	**437,177**	437,778
Cost of sales	9	**(419,556)**	(429,323)
Gross profit		**17,621**	8,455
Other income and gains	8	**15,799**	1,836
Administrative expenses		**(18,259)**	(23,829)
Finance costs	10	**(248)**	(1,104)
Profit/(loss) before income tax	9	**14,913**	(14,642)
Income tax (expense)/credit	13	**(786)**	986
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**14,127**	(13,656)
Profit/(loss) and total comprehensive income/(loss) attributable to owners of the parent		**14,127**	(13,656)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	15	**HK1.4 cents**	HK(1.5) cents

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	**26,750**	21,866
Prepayments, other receivables and other assets	20	**4,210**	–
Deferred tax assets	25	**–**	456
Total non-current assets		**30,960**	22,322
CURRENT ASSETS			
Contract assets	18	**144,710**	107,310
Trade receivables	19	**27,917**	18,508
Amount due from the ultimate holding company	32(b)	**31**	11
Prepayments, other receivables and other assets	20	**15,663**	7,990
Cash and cash equivalents	21	**77,270**	120,960
Tax recoverable		**368**	296
Total current assets		**265,959**	255,075
CURRENT LIABILITIES			
Contract liabilities	18	**–**	204
Trade and retention payables	22	**42,412**	26,552
Other payables and accruals	23	**4,949**	3,842
Interest-bearing bank loans	24	**–**	10,000
Lease liabilities	17	**1,975**	3,041
Total current liabilities		**49,336**	43,639
NET CURRENT ASSETS		**216,623**	211,436
TOTAL ASSETS LESS CURRENT LIABILITIES		**247,583**	233,758

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	17	**2,267**	2,899
Deferred tax liabilities	25	**330**	–
Total non-current liabilities		**2,597**	2,899
NET ASSETS		**244,986**	230,859
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**10,000**	10,000
Reserves	28	**234,986**	220,859
TOTAL EQUITY		**244,986**	230,859

Approved by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Ip Chi Ming	**Wong Kin Wah**
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the parent				
	Share capital	**Share premium**	**Merger reserve**	**Retained profits**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Note 26		Note 28(b)		
At 1 April 2019	–	–	2,000	133,358	135,358
Loss and total comprehensive loss for the year	–	–	–	(13,656)	(13,656)
Capitalisation issue (note 26(c))	7,500	(7,500)	–	–	–
Issue of new shares (note 26 (d))	2,500	122,500	–	–	125,000
Share issue expenses	–	(15,843)	–	–	(15,843)
At 31 March 2020 and 1 April 2020	10,000	99,157*	2,000*	119,702*	230,859
Profit and total comprehensive income for the year	–	–	–	14,127	14,127
At 31 March 2021	10,000	99,157*	2,000*	133,829*	244,986

* These reserve accounts comprise the consolidated reserves of HK$234,986,000 (2020: HK$220,859,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		**14,913**	(14,642)
Adjustments for:			
Depreciation of owned assets	9	**13,592**	6,847
Depreciation of right-of-use assets	9	**2,662**	1,545
Gain on disposal of items of property, plant and equipment	9	**–**	(5)
Gain on termination of lease	9	**(55)**	–
Written-off of items of property, plant and equipment	9	**2**	364
Finance costs	10	**248**	1,104
Interest income	8	**(653)**	(1,369)
Provision for contract works	9	**7**	772
Operating profit before working capital changes		**30,716**	(5,384)
Increase in contract assets		**(37,400)**	(1,408)
(Increase)/decrease in trade receivables		**(9,409)**	23,910
(Increase)/decrease in prepayments, other receivables and other assets		**(7,883)**	5,568
(Decrease)/increase in contract liabilities		**(204)**	204
Increase/(decrease) in trade and retention payables		**15,860**	(1,976)
Decrease in other payables and accruals		**(518)**	(2,476)
Cash (used in)/generated from operations		**(8,838)**	18,438
Bank interest received		**653**	1,369
Income taxes paid		**(72)**	(2,728)
Net cash (used in)/from operating activities		**(8,257)**	17,079

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	16	**(18,479)**	(18,347)
Proceeds from disposal of property, plant and equipment		**–**	13
Deposit for acquisition		**(4,000)**	–
(Increase)/decrease in amount due from the ultimate holding company		**(20)**	44
Net cash used in investing activities		**(22,499)**	(18,290)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid for bank loans		**(97)**	(939)
Repayments of bank loans		**(10,000)**	(20,613)
Interest paid for lease liabilities		**(151)**	(165)
Principal portion of lease payments		**(2,686)**	(1,395)
Advances from a director		**–**	11,313
Repayments of advances from a director		**–**	(11,313)
Proceeds from issue of shares	26(d)	**–**	125,000
Share issue expenses		**–**	(15,843)
Net cash (used in)/from financing activities		**(12,934)**	86,045
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(43,690)**	84,834
Cash and cash equivalents at beginning of year		**120,960**	36,126
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**77,270**	120,960

1. CORPORATE AND GROUP INFORMATION

Silver Tide Holdings Limited (the "Company") is an exempted company incorporated in the Cayman Islands on 24 July 2018 with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of operations of the Company is located at Room A–B, 14F, Skyline Tower, No.18 Tong Mi Road, Mongkok, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2019 (the "Listing Date").

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in providing construction services, including traditional formwork using timber and plywood, system formwork using aluminium and steel, and ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong.

Pursuant to the reorganisation of the Company in connection with the listing of its shares on the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 5 September 2018. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 18 June 2019 (the "Prospectus").

The immediate and ultimate holding company of the Company is Silver Tide Enterprises Limited ("Silver Tide Enterprises"), which is incorporated in the British Virgin Islands ("BVI"). Silver Tide Enterprises is wholly-owned by Mr. Ip Chi Ming, who is an executive director of the Company.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Forest Honour Limited	BVI	US$1	100	–	Investment holding
Hop Fat Yuk Ying Engineering Limited	Hong Kong	HK$2,000,000	–	100	Construction services
Titan Hwaks Limited	BVI	US$1	100	–	Investment holding

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis for consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for FY2020/21. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. BASIS OF PREPARATION (continued)

Basis for consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	Definition of Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9,HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 [1]
Amendments to HKAS 16	Proceeds before Intended Use [3]
Amendments to HKAS 37	Onerous Contracts Cost of Fulfilling a Contract [3]
Amendments to HKFRS 3	Reference to the Conceptual Framework [4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK 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 HKFRSs	Annual Improvements to HKFRSs 2018–2020 [3]
Amendments to HKAS 1	Disclosure of Accounting Policies [5]
Amendments to HKAS 8	Definition of Accounting Estimates [5]
Amendments to HKAS 16	COVID-19 – Related Rent Concession beyond 30 June 2021 [2]
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 1 April 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
5 Effective for annual periods beginning on or after 1 January 2023.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK (IFRIC)-Int 21 Levies, the acquirer applies HK (IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKAS 1 — Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The directors of the Company do not anticipate that the application of the amendments will have an impact on the Group's financial statements.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company do not anticipate that the application of the amendments will have an impact on the Group's financial statements.

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions beyond 30 June 2021

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The directors of the Company do not anticipate that the application of the amendments will have a significant impact on the Group's financial statements.

Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(c) Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or of a parent of the Group; or

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Related parties (continued)

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

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

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

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

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

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

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

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

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

(d) Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimate useful lives and bases used are as follows:

Owned assets	
Furniture, fixtures and office equipment	5 years on the reducing balance basis
Tools and equipment	5 years on the reducing balance basis
Motor vehicles	5 years on the reducing balance basis
Computer equipment	5 years on the reducing balance basis
Right-of-use assets	
Buildings	Over the lease terms on the straight-line basis

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(e) Leases

The Group assesses at contract inception whether a contract is, or contain, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis as detailed in the Property, plant and equipment and depreciation policy above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Group as a lessee (continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of the leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held with a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the assets have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the assets, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(g) Impairment of financial assets

The Group recognised an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are no purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its credit risks of trade debtors, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and retention payables, other payables and accruals and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(k) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

(m) Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(n) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

Construction services

Revenue from the provision of construction services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises revenue in accordance with the direct measurements of the value of the services transferred by the Group to the customer with reference to the certified value of work performed to date.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original contract. Claims are accounted for as variable considerations and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable considerations is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable considerations to which the Group will be entitled.

(o) Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(q) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(r) Contract costs

Other than the costs which are capitalised as property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

(s) Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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, are described below.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Accounting for construction contracts

The Group's revenue from construction contracts are recognised over time using the output method and is measured in accordance with the progress towards complete satisfaction of the performance obligations. Budgeted contract costs are prepared by the management on the basis of contract concluded with and/or quotations provided by the major sub-contractors, suppliers or vendors involved from time to time and the experience of the management. The profitability of each project is dependent on the estimation of the total outcome of the contract, as well as the work done to date. The Group reviews and revises the estimates of contract revenue, contract costs to completion, variation orders and contract claims prepared for each construction contract as the contract progresses. Significant judgement is required in estimating the contract revenue, contract costs to completion, variation works and contract claims which may have an impact in terms of progress towards complete satisfaction of the performance obligations and recognition of profit. Actual outcomes of total contract revenue and contract costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Impairment assessment of trade receivables and contract assets

The policy for impairment of trade receivables and contract assets of the Group is based on the evaluation of collectability and ageing analysis of trade receivables and contract assets as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. Significant judgement and estimates are required in assessing the ultimate realisation of these assets, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of the Group and the future economic conditions were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required. Further details are disclosed in notes 18, 19 and 35 to the financial statements.

7. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of construction services in Hong Kong.

The information reported to the directors of the Group, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

7. OPERATING SEGMENT INFORMATION (continued)

Geographical information

No geographical information is presented as the Group's revenue was solely derived from customers and operations based in Hong Kong and the non-current assets of the Group were all located in Hong Kong.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2021	2020
	HK$'000	HK$'000
Customer I	**279,847**	135,091
Customer II	**58,331**	60,760
Customer III	**37,368**	117,562
Customer IV	**44,124**	–*

Except for the aforesaid, no revenue from other single external customer accounted for 10% or more of the Group's revenue.

* Less than 10% of the Group's revenue

8. REVENUE, OTHER INCOME AND GAINS

All revenue is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

An analysis of revenue, other income and gains is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers		
Construction services		
Private sector	**367,051**	343,844
Public sector	**70,126**	93,934
	437,177	437,778
Other income and gains		
Bank interest income	**653**	1,369
Rental income	**600**	250
Government grants	**12,777**	71
Exchange gains, net	**1,769**	131
Gain on disposal of items of property, plant and equipment	**–**	5
Others	**–**	10
	15,799	1,836

Revenue from contracts with customers

Performance obligations

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of issuance of payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

8. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

Performance obligations (continued)

Construction services (continued)

Unsatisfied performance obligations related to construction contracts:

	2021 HK$'000	2020 HK$'000
Amount expected to be recognised as revenue:		
Within one year	**295,078**	350,000
After one year	**57,518**	92,900
	352,596	442,900

The amount of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to construction services, of which the performance obligations are to be satisfied within two years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amount disclosed above do not include variable consideration which is constrained.

9. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax is arrived at after charging/(crediting):

	Notes	2021 HK$'000	2020 HK$'000
Costs of inventories recognised as expenses		73,378	87,835
Contract costs		419,556	429,323
Provision for contract works*		779	772
Depreciation of owned assets	16	13,592	6,847
Depreciation of right-of-use assets	16	2,662	1,545
		16,254	8,392
Lease payments not included in the measurement of lease liabilities	17(c)	274	306
Auditors' remuneration		1,000	1,500
Employee benefit expense (excluding directors' and chief executive's remuneration (note 11)):			
Wages and salaries*		12,608	11,223
Pension scheme contributions*		475	437
		13,083	11,660
Gain on disposal of items of property, plant and equipment		–	(5)
Gain on termination of lease		(55)	–
Written-off of items of property, plant and equipment*		2	364
Government grants**		(12,777)	(71)

* During the year, wages and salaries of HK$6,734,000 (2020: HK$5,693,000), pension scheme contributions of HK$301,000 (2020: HK$244,000), provision for contract works of HK$779,000 (2020: 772,000) and written-off of items of property, plant and equipment of HK$2,000 (2020: 364,000) are included in contract costs disclosed above.

** Grants have been received from the Construction Industry Council, an institution established by the Government of the Hong Kong Special Administrative Region, for strengthening hygienic control measures, providing on-the-job training for graduate engineers and trainees and the Government subsidies under Employee Support Scheme for the Covid-19 pandemic. There were no unfulfilled conditions or contingencies relating to these grants.

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK$'000	2020 HK$'000
Interest on bank loans and overdrafts	97	939
Interest on lease liabilities	151	165
	248	1,104

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 HK$'000	2020 HK$'000
Fees	756	573
Other emoluments:		
Salaries, allowances and benefits in kind	5,028	2,042
Pension scheme contributions	47	35
	5,075	2,077
	5,831	2,650

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive director

The fee paid to independent non-executive directors during the year were as follows:

	2021 HK$'000	2020 HK$'000
Mr. Law Chi Hung	**252**	191
Mr. Pau Chi Hoi	**252**	191
Mr. Shum Hau Tak	**252**	191
	756	573

Mr. Law Chi Hung, Mr. Pau Chi Hoi and Mr. Shum Hau Tak were appointed as independent non-executive directors of the Company on 8 June 2019. There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

(b) Executive director

2021

	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
Mr. Ip Chi Ming*	**–**	**4,226**	**18**	**4,244**
Mr. Wong Kin Wah***	**–**	**592**	**18**	**610**
Ms. Hui Nok Yi****	**–**	**210**	**11**	**221**
	–	**5,028**	**47**	**5,075**

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive director (continued)

2020

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Ip Chi Ming*	–	1,316	18	1,334
Mr. Lau Woon Wing**	–	726	17	743
	–	2,042	35	2,077

* Mr. Ip Chi Ming was appointed as an executive director and the chief executive of the Company with effect from 24 July 2018.

** Mr. Lau Woon Wing was appointed as an executive director of the Company with effect from 24 August 2018 and resigned with effect from 1 April 2020.

*** Mr. Wong Kin Wah was appointed as an executive director and the chief executive of the Company with effect from 1 April 2020.

**** Ms. Hui Nok Yi was appointed as an executive director of the Company with effect from 1 September 2020.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2020: Nil).

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included two directors (2020: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and benefits in kind	**2,016**	1,977
Discretionary bonuses	**372**	150
Pension scheme contributions	**49**	54
	2,437	2,181

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2021	2020
Nil to HK$1,000,000	**3**	3

During the years ended 31 March 2021 and 2020, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group.

13. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	2021 HK$'000	2020 HK$'000
Current – Hong Kong		
Charge for the year	–	–
Deferred (note 25)	786	(986)
Total tax charge/(credit) for the year	786	(986)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Group's major subsidiary is domiciled to the tax expense/(credit) at the effective tax rate is as follows:

	2021 HK$'000	2020 HK$'000
Profit/(loss) before tax	14,913	(14,642)
Tax at the statutory tax rate	2,461	(2,416)
Income not subject to tax	(2,420)	(311)
Expenses not deductible for tax	745	1,741
Tax charge/(credit) at the Group's effective rate	786	(986)

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings/(loss) per share is based on:

	2021 HK$'000	2020 HK$'000
Profit/(loss) attributable to ordinary equity holders of the Company for the purpose of calculating earnings/(loss) per share	14,127	(13,656)

	Number of shares 2021 '000	 2020 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	1,000,000	939,891

The weighted average number of ordinary shares used to calculate the basic loss per share amount for FY2020/21 and 31 March 2020 includes 1 ordinary share of the Company issued on 24 July 2018 (note 26(a)), 99 ordinary shares issued pursuant to the Reorganisation (note 26(b)), and 749,999,900 ordinary shares issued pursuant to the capitalisation issue (note 26(c)), as if all these shares had been in issue throughout FY2019/20, and the weighted average of 250,000,000 new shares issued pursuant to the share offer (note 26(d)).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

16. PROPERTY, PLANT AND EQUIPMENT

	Owned assets						
	Furniture, fixtures and office equipment HK$'000	Tools and equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 17(a))	Total HK$'000
31 March 2021							
At 1 April 2020:							
Cost	89	21,045	2,836	113	24,083	7,335	31,418
Accumulated depreciation	(62)	(6,739)	(1,141)	(65)	(8,007)	(1,545)	(9,552)
Net carrying amount	27	14,306	1,695	48	16,076	5,790	21,866
At 1 April 2020, net of accumulated depreciation	27	14,306	1,695	48	16,076	5,790	21,866
Additions	–	19,199	864	34	20,097	2,605	22,702
Lease reassessment	–	–	–	–	–	(113)	(113)
Written off	–	(2)	–	–	(2)	–	(2)
Termination of lease	–	–	–	–	–	(1,449)	(1,449)
Depreciation provided during the year (note 9)	(13)	(12,511)	(1,035)	(33)	(13,592)	(2,662)	(16,254)
At 31 March 2021, net of accumulated depreciation	14	20,992	1,524	49	22,579	4,171	26,750
At 31 March 2021:							
Cost	89	40,230	3,700	147	44,166	5,952	50,118
Accumulated depreciation	(75)	(19,238)	(2,176)	(98)	(21,587)	(1,781)	(23,368)
Net carrying amount	14	20,992	1,524	49	22,579	4,171	26,750

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Owned assets						
	Furniture, fixtures and office equipment HK$'000	Tools and equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 17(a))	Total HK$'000
31 March 2020							
At 1 April 2019:							
Cost	89	5,373	859	113	6,434	–	6,434
Accumulated depreciation	(39)	(716)	(705)	(26)	(1,486)	–	(1,486)
Net carrying amount	50	4,657	154	87	4,948	–	4,948
At 1 April 2019, net of accumulated depreciation	50	4,657	154	87	4,948	–	4,948
Additions	–	16,370	1,977	–	18,347	7,335	25,682
Disposals	–	(8)	–	–	(8)	–	(8)
Written off	–	(364)	–	–	(364)	–	(364)
Depreciation provided during the year (note 9)	(23)	(6,349)	(436)	(39)	(6,847)	(1,545)	(8,392)
At 31 March 2020, net of accumulated depreciation	27	14,306	1,695	48	16,076	5,790	21,866
At 31 March 2020:							
Cost	89	21,045	2,836	113	24,083	7,335	31,418
Accumulated depreciation	(62)	(6,739)	(1,141)	(65)	(8,007)	(1,545)	(9,552)
Net carrying amount	27	14,306	1,695	48	16,076	5,790	21,866

17. LEASES

The Group as a lessee

The Group has lease contracts for properties used in its operations. Leases of properties generally have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options, which are further discussed below.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	
	2021	2020
	HK$'000	HK$'000
As at 1 April	**5,790**	–
Additions	**2,605**	7,335
Lease reassessment	**(113)**	–
Termination of lease	**(1,449)**	–
Depreciation charge	**(2,662)**	(1,545)
As at 31 March	**4,171**	5,790

17. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 **HK$'000**	2020 HK$'000
Carrying amount as at 1 April	**5,940**	–
New leases	**2,605**	7,335
Lease reassessment	**(113)**	–
Termination of lease	**(1,504)**	–
Accretion of interest recognised during the year	**151**	165
Payments	**(2,837)**	(1,560)
Carrying amount at 31 March	**4,242**	5,940

	2021 **HK$'000**	2020 HK$'000
Analysed into:		
Current portion	**1,975**	3,041
Non-current portion	**2,267**	2,899
	4,242	5,940

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

17. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in the statement of profit or loss in relation to leases are as follows:

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	**151**	165
Depreciation charge of right-of-use assets	**2,662**	1,545
Expenses related to short-term leases and other leases with remaining lease terms ended on or before 31 March (included in administrative expense and cost of sales)	**9,693**	11,137
Total amount recognised in the statement of profit or loss	**12,506**	12,847

(d) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

(e) The Group has several lease contracts that include extension or termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. The Group has included extension option or termination options in the measurement of the lease obligations when it is reasonably certain to exercise the options.

18. CONTRACT ASSETS/(LIABILITIES)

	2021 HK$'000	2020 HK$'000
Contract assets		
Unbilled revenue	**60,050**	35,592
Retention receivables	**84,660**	71,718
	144,710	107,310
Contract liabilities	**–**	(204)
	144,710	107,106

Movements in contract assets:

	2021 HK$'000	2020 HK$'000
At the beginning of the year	**107,310**	105,902
Addition in contract assets	**73,747**	56,553
Transfer to trade receivables	**(36,347)**	(55,145)
Balance at end of the year	**144,710**	107,310

Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the quality and quantity check by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent the Group's right to consideration for work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

18. CONTRACT ASSETS/(LIABILITIES) (continued)

The increase in contract assets as at 31 March 2021 was the result of the increase in the provision of construction services during this year.

Among the above contract assets, HK$45,126,000 as at 31 March 2021 (2020: HK$42,975,000) are expected to be recovered after twelve months from the end of the reporting period.

Details of expected credit losses are disclosed in note 35 to the financial statements.

Movements in contract liabilities:

	2021	2020
	HK$'000	HK$'000
At the beginning of the year	**204**	–
Receipts from customers	**–**	204
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(204)**	–
Balance at end of the year	**–**	204

The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration from the customers.

19. TRADE RECEIVABLES

Trade receivables represented receivables for contract works. Management generally submit interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the architect or the consultant of the customer will verify such valuation of works completed and issue an interim payment certificate within 30 days. Within 30 days after the issuance of the interim payment certificate, the customer will make payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract. Trade receivables are non-interest-bearing.

19. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables based on the progress payment certificate date is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	**23,755**	18,508
31 to 60 days	**596**	–
61 to 90 days	**–**	–
Over 90 days	**3,566**	–
	27,917	18,508

Details of expected credit losses are disclosed in note 35 to the financial statements.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2021 HK$'000	2020 HK$'000
Reimbursable expense	(a)	**5,619**	4,706
Prepayments	(b)	**10,000**	3,184
Deposit	(c)	**4,000**	–
Others		**254**	100
		19,873	7,990

Notes:

(a) The amounts represented costs incurred by the Group for personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The amounts are covered by the main contractors' all risk insurance and are expected to be recovered from the main contractors.

(b) As at 31 March 2021, the amounts represented the prepayment for purchases of raw materials amounting to HK$10,000,000 (2020: prepayment for purchases of raw materials amounting to HK$3,184,000).

(c) The amount represented the refundable deposit for the acquisition of Yellow River Securities Limited.

Details of expected credit losses are disclosed in note 35 to the financial statements.

21. CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash and bank balances	**56,946**	56,197
Time deposit	**20,324**	64,763
Cash and cash equivalents	**77,270**	120,960

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE AND RETENTION PAYABLES

An ageing analysis of the trade and retention payables as at the end of the reporting period, based on the invoice date or the progress payment certificate date, is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	**42,196**	26,288
31 to 60 days	**208**	22
61 to 90 days	**1**	–
Over 90 days	**7**	–
	42,412	26,310
Retention payables	**–**	242
	42,412	26,552

At 31 March 2020, all retention payables were expected to be settled within one year.

Trade and retention payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

23. OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Receipts in advance	350	350
Accruals	2,835	3,370
Other payables	1,764	122
	4,949	3,842

Other payables are non-interest-bearing and have an average term of one month.

24. INTEREST-BEARING BANK LOANS

	31 March 2021 Effective interest rate	31 March 2021 HK$'000	31 March 2020 Effective interest rate	31 March 2020 HK$'000
Current				
Bank loans – unsecured	N/A	–	HIBOR plus 2.75%	10,000

	2021 HK$'000	2020 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	–	10,000

As further explained in note 35 to the financial statements, the Group's term loans with an aggregate amount of HK$10,000,000 as at 31 March 2020 containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank loans and analysed into bank loans repayable within one year or on demand.

24. INTEREST-BEARING BANK LOANS (continued)

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are:

	2021 HK$'000	2020 HK$'000
Analysed into:		
Within one year or on demand	–	10,000

Notes:

(a) As at 31 March 2020, the Group's bank loans and banking facilities are guaranteed by corporate guarantee provided by the Company.

(b) The carrying amounts of the bank loans of the Group approximate to their fair values.

(c) The Group's bank loans are all denominated in Hong Kong dollars.

25. DEFERRED TAX

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

Deferred tax liabilities

	Accelerated tax depreciation HK$'000
Gross deferred tax liabilities at 1 April 2019	530
Deferred tax charged to profit or loss during the year (note 13)	805
Gross deferred tax liabilities at 31 March 2020 and 1 April 2020	1,335
Deferred tax charged to profit or loss during the year (note 13)	400
Gross deferred tax liabilities at 31 March 2021	1,735

25. DEFERRED TAX (continued)

Deferred tax assets

	Loss available for offsetting against future taxable profits HK$'000
Gross deferred tax assets at 1 April 2019	–
Deferred tax credited to profit or loss during the year (note 13)	1,791
Gross deferred tax assets at 31 March 2020 and 1 April 2020	1,791
Deferred tax charged to profit or loss during the year (note 13)	(386)
Gross deferred tax assets at 31 March 2021	1,405

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Net deferred tax assets/(liabilities) recognised in the consolidated statement of financial position	**(330)**	456

26. SHARE CAPITAL

The movements in the Company's share capital during the period from 24 July 2018 (date of incorporation) to 31 March 2021 were as follows:

	Notes	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:			
At 24 July 2018 (date of incorporation), 31 March 2019 and 1 April 2019	(a)	38,000,000	380
Increase in authorised share capital on 8 June 2019	(c)	1,962,000,000	19,620
At 31 March 2020, 1 April 2020 and 31 March 2021		2,000,000,000	20,000

	Notes	Number of shares in issue	Amount HK$'000
Issued and fully paid:			
At 24 July 2018 (date of incorporation)	(a)	1	–
Issue of new shares pursuant to the Reorganisation	(b)	99	–
At 31 March 2019 and 1 April 2019		100	–
Capitalisation issue		749,999,900	7,500
Issue of new shares pursuant to the share offer		250,000,000	2,500
At 31 March 2020, 1 April 2020 and 31 March 2021		1,000,000,000	10,000

26. SHARE CAPITAL (continued)

Notes:

(a) The Company was incorporated in the Cayman Islands on 24 July 2018 with initial authorised share capital of 38,000,000 shares at a par value of HK$0.01. On the date of incorporation, 1 ordinary share of HK$0.01 was allotted and issued by the Company.

(b) On 5 September 2018, 99 shares with a par value of HK$0.01 each was allotted and issued by the Company pursuant to the Reorganisation.

(c) On 8 June 2019, an ordinary resolution of the Company was passed and pursuant to which the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 additional shares of HK$0.01 each.

Pursuant to the resolutions of the shareholder passed on 25 June 2019, the Company allotted and issued a total of 749,999,900 ordinary shares, credited as fully paid at par, to Silver Tide Enterprises on 28 June 2019 by way of capitalisation of the sum of HK$7,499,999 standing to the credit of the share premium account of the Company.

(d) In connection with the listing of the shares of the Company on the Stock Exchange, 250,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.50 per share for a total cash consideration, before expenses, of HK$125,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on the Listing Date.

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Scheme include the Company's directors, full-time or part-time employees of the Group, consultant, adviser, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner and service provider of the Group. The Scheme became effective on 8 June 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised shares in respect of which options may be granted under the Scheme is such a number of shares representing 10% of the issued share capital of the Company as at the Listing Date, i.e. 100,000,000 shares. The 10% limit may be refreshed at any time by approval of the shareholders in the general meeting. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

27. SHARE OPTION SCHEME (continued)

The offer of a grant of share options must be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange daily quotations sheet on the date of grant of the share options; (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange daily quotations sheet for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No option has been granted from the date of adoption of the Scheme up to the date of approval of these consolidated financial statements.

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 49.

(b) Merger reserve

The merger reserve represents the aggregate of the paid-up share capital of the subsidiaries now comprising the Group before the completion of the Reorganisation.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions of right-of-use assets and lease liabilities of HK$2,605,000 and HK$2,605,000, respectively, in respect of lease arrangements for properties (2020: non-cash additions of right-of-use assets and lease liabilities of HK$7,335,000 and HK$7,335,000, respectively).

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities:

	Advances from a director HK$'000	Interest-bearing bank loans HK$'000	Lease liabilities HK$'000
At 1 April 2019	–	30,613	–
Changes from financing cash flows	11,313	(21,552)	(1,560)
New leases	–	–	7,335
Interest expenses	–	939	165
Repayment	(11,313)	–	–
At 31 March 2020 and 1 April 2020	–	10,000	5,940
Changes from financing cash flows	–	(10,097)	(2,837)
New leases	–	–	2,605
Interest expenses	–	97	151
Termination of lease	–	–	(1,504)
Lease reassessment	–	–	(113)
At 31 March 2021	–	–	4,242

(c) Total cash outflow of leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 HK$'000	2020 HK$'000
Within operating activities	**9,693**	11,137
Within financing activities	**2,837**	1,560
	12,530	12,697

30. CONTINGENT LIABILITIES

Claims of personal injuries

In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

31. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
Contracted, but not provided for:		
Tools and equipment	**2,028**	8,733

32. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Details of bank loans secured or guaranteed by related parties are disclosed in note 24 to the financial statements.

(b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due from the ultimate holding company at 31 March 2021 and 2020.

In 2020, Mr. Ip Chi Ming, a director of the Company, advanced a total of HK$11,313,000 to the Group as working capital and fully repaid during 2020.

The amount due from the ultimate holding company was non-trade, unsecured, interest-free and repayable on demand.

32. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group

	2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits in kind	**7,083**	4,256
Pension scheme contributions	**93**	100
	7,176	4,356

The above compensation of key management personnel includes the directors' and chief executive's remuneration, details of which are set out in note 11 to the financial statements.

The above compensation of key management personnel also includes salaries and allowances of HK$979,000 (2020: HK$611,000) paid to Ms. Wong Fong Choi, the spouse of a director.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets:

	Financial assets at amortised cost	
	2021 HK$'000	2020 HK$'000
Trade receivables	**27,917**	18,508
Financial assets included in prepayments, other receivables and other assets	**9,873**	4,806
Due from the ultimate holding company	**31**	11
Cash and cash equivalents	**77,270**	120,960
	115,091	144,285

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities:

	Financial liabilities at amortised cost	
	2021	2020
	HK$'000	HK$'000
Trade and retention payables	**42,412**	26,552
Other payables and accruals	**4,599**	3,492
Lease liabilities	**4,242**	5,940
Interest-bearing bank loans	**–**	10,000
	51,253	45,984

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, contract assets, an amount due from the ultimate holding company, financial assets included in prepayments, other receivables and other assets, trade and retention payables, financial liabilities included in other payables and accruals and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank loans as at 31 March 2020 were assessed to be insignificant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, contract assets and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. It is the Group's policy to keep certain borrowings at floating rates of interest so as to minimise the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings) and the Group's equity:

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
31 March 2021			
HK$	100	–	–
HK$	(100)	–	–

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax HK$'000	Increase/ (decrease) in equity* HK$'000
31 March 2020			
HK$	100	(100)	–
HK$	(100)	100	–

* Excluded retained profits

Credit risk

The Group's credit risk is primarily attributable to contract assets, trade receivables, financial assets included in prepayments, other receivables and other assets, an amount due from the ultimate holding company and cash and cash equivalents. The Group's maximum credit risk exposure at the end of the reporting period in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the consolidated statement of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's trade receivables and contract assets from contract works represent interim billings or retentions certified by the customers under terms as stipulated in the contracts and the Group does not hold any collateral over these trade receivables and contract assets. As the Group's customers in respect of contract works primarily consist of main contractors in the construction industry, property developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The following table demonstrates the concentrations of credit risk of the total trade receivables and contract assets which were due from the Group's largest external debtor and the Group's five largest external debtors, respectively.

	2021 %	2020 %
Percentage of total trade receivables and contract assets due from:		
Group's largest external debtor	**31.1**	30.3
Group's five largest external debtors	**85.3**	76.2

Further quantitative data in respect of the Group's exposure to credit risk arising from contract assets and trade receivables are disclosed in notes 18 and 19 to the financial statements, respectively.

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. With the incorporation of forward-looking information in the ECLs, management considered that the expected credit loss rate for the Group's trade receivables and contract assets is minimal and therefore no provision for impairment of trade receivables and contract assets is necessary as at 31 March 2021 and 2020.

For financial assets included in other receivables and balance due from the ultimate holding company (the "Other Financial Assets"), the Group applied the general approach to provide for impairment for ECLs prescribed by HKFRS 9. None of the Other Financial Assets as at 31 March 2021 and 2020 were overdue, and all balances were categorised within Stage 1 for the measurement of expected credit losses. An impairment analysis is performed at the end of the reporting period, which are estimated by applying the probability of default approach with reference to the risks of default of the debtors or comparable companies. Management considered that the expected credit loss rate for the Group's Other Financial Assets is minimal and therefore no provision for impairment of Other Financial Assets was made as at 31 March 2021 and 2020.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure

The table below shows the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2021 and 2020.

	2021 HK$'000	2020 HK$'000
Lifetime ECLs and simplified approach:		
Trade receivables	**27,917**	18,508
Contract assets	**144,710**	107,310
	172,627	125,818

	Stage 1 HK$'000	Stage 1 HK$'000
12-month ECLs:		
Due from the ultimate holding company – Normal*	**31**	11
Financial assets included in prepayments, other receivables and other assets – Normal*	**9,873**	4,806
Cash and cash equivalents	**77,270**	120,960
	87,174	125,777
	259,801	251,595

* The credit quality of these financial assets is considered to be "normal" when they are not past due and there are no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets was considered to be "doubtful".

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease liabilities. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 2 years HK$'000	2 to 3 years HK$'000	Total HK$'000
Trade and retention payables	–	42,412	–	–	–	42,412
Financial instruments included in other payables and accruals	–	1,764	–	–	–	1,764
Lease liabilities	–	534	1,602	1,536	819	4,491
	–	44,710	1,602	1,536	819	48,667

As at 31 March 2020

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 2 years HK$'000	2 to 3 years HK$'000	Total HK$'000
Interest-bearing bank loans (note)	10,000	–	–	–	–	10,000
Trade and retention payables	242	26,310	–	–	–	26,552
Financial instruments included in other payables and accruals	–	122	–	–	–	122
Lease liabilities	–	780	2,436	2,976	–	6,192
	10,242	27,212	2,436	2,976	–	42,866

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Note:

As at 31 March 2020, included in interest-bearing bank loans are term loans with an aggregate carrying amount of HK$10,000,000. The respective loan agreements of these term loans contain a repayment on demand clause giving the bank the unconditional right to call the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the related loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments are as follows:

	2020 HK$'000
Within one year or on demand	10,121

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues as well as raising new debts. The Group's overall strategy remained unchanged during the years ended 31 March 2021 and 2020.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a net debt to equity ratio, which is net debt divided by the equity attributable to owners of the parent. Net debt includes total interest-bearing bank loans, net of cash and cash equivalents. The net debt to equity ratios as at the end of the reporting periods were as follows:

	2021 HK$'000	2020 HK$'000
Interest-bearing bank loans	–	10,000
Less: Cash and cash equivalents	(77,270)	(120,960)
Net cash and bank balances	(77,270)	(110,960)
Equity attributable to owners of the parent	244,986	230,859
Net debt to equity ratio	N/A	N/A

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS		
Investment in subsidiaries	–*	–*
CURRENT ASSETS		
Due from subsidiaries	42,987	19,197
Due from the ultimate holding company	31	11
Other receivables	26	50
Cash and cash equivalents	64,382	89,144
Total current assets	107,426	108,402
CURRENT LIABILITIES		
Other payables and accruals	(157)	(95)
Total current liabilities	(157)	(95)
NET CURRENT ASSETS AND NET ASSETS	107,269	108,307
EQUITY		
Share capital	10,000	10,000
Reserves (note)	97,269	98,307
TOTAL EQUITY	107,269	108,307

* Represented amount less than HK$1,000.

Ip Chi Ming
Director

Wong Kin Wah
Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	–	(52)	(52)
Loss and total comprehensive loss for the year	–	(798)	(798)
Capitalisation issue (note 26(c))	(7,500)	–	(7,500)
Issue of new shares (note 26(d))	122,500	–	122,500
Share issue expenses	(15,843)	–	(15,843)
At 31 March 2020 and 1 April 2020	99,157	(850)	98,307
Loss and total comprehensive loss for the year	–	(1,038)	(1,038)
At 31 March 2021	99,157	(1,888)	97,269

37. EFFECT OF COVID-19

The World Health Organisation declared coronavirus and Covid-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

- interruptions to construction works leads projects delay;
- unstable number of workers provided by subcontractors;

Governments in the countries in which the Group operates also implemented various measures which might mitigate some of the impact of the Covid-19 pandemic to the results and liquidity position of the Group. To the extent appropriate, the Group applies for such government assistance. Details of all of the arrangements that might be available and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The directors of the Company are continuing to assess the implications of Covid-19 pandemic to the business in which the Group operates. The Group has implemented certain cost control measures to maintain the efficiency of construction process. As at the date of this report, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the Covid-19 outbreak.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 June 2021.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the Prospectus and the published audited financial statements is set out below. This summary does not form part of the audited financial statements.

RESULTS	**2021** **HK$'000**	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**437,177**	437,778	399,875	361,873	378,627
Profit/(loss) before tax	**14,913**	(14,642)	37,848	44,712	21,956
Income tax credit/(expense)	**(786)**	986	(8,515)	(7,490)	(3,597)
Profit/(loss) for the year	**14,127**	(13,656)	29,333	37,222	18,359

ASSETS, EQUITY AND LIABILITIES	**2021** **HK$'000**	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
ASSETS					
Non-current assets	**30,960**	22,322	4,948	388	321
Current assets	**265,959**	255,075	198,059	201,378	142,942
Total assets	**296,919**	277,397	203,007	201,766	143,263
EQUITY AND LIABILITIES					
Total equity	**244,986**	230,859	135,358	106,025	70,103
Non-current liabilities	**2,597**	2,899	530	36	36
Current liabilities	**49,336**	43,639	67,119	95,705	73,124
Total liabilities	**51,933**	46,538	67,649	95,741	73,160
Total equity and liabilities	**296,919**	277,397	203,007	201,766	143,263

Note: The summary of the results of the Group for each of the two years ended 31 March 2017 and 2018 and of the assets, equity and liabilities as at 31 March 2017 and 2018 have been extracted from the Prospectus.