ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED
志 道 國 際 (控 股) 有 限 公 司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 1220)

2022
Annual Report

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tung Yee Shing *(Chairman)*
(appointed on 16 November 2021)
Mr. Fung Kwok Kit *(Chairman)*
(passed away on 26 September 2021)
Mr. Zhong Can
Mr. Kwong Kin Fai, Eric
Mr. Lam Chun Bun

Independent Non-executive Directors

Mr. Wong Wing Cheung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

AUDIT COMMITTEE

Mr. Wong Wing Cheung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Wong Wing Cheung
Mr. Tung Yee Shing (appointed on 16 November 2021)

NOMINATION COMMITTEE

Mr. Wong Wing Cheung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

COMPANY SECRETARY

Mr. Wong Kin Chung

LEGAL ADVISORS

TC & Co.

AUDITORS

Crowe (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Room 2606, 26/F
C C Wu Building, 302–308 Hennessy Road
Wan Chai, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch

STOCK CODE

01220

COMPANY WEBSITE

www.zdihl.com

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "**Board**") of Zhidao International (Holdings) Limited (the "**Company**"), I am pleased to present the results and operations of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2022 (the "**Year**").

BUSINESS REVIEW

While the world was gradually moving towards the post-pandemic era in 2021, the regions where the Group's operations locate was facing another wave of epidemic in the first half of 2022. The Group's construction business was mainly in Macau and was able to resume operations during 2021. However, the travel restrictions in Macau were made stringent again and our office and construction site encountered a number of lockdowns during first half of 2022. As a result, though we had significant progress of our current "Macau Prison Project" during the year, the upcoming operating conditions are still uncertain. In addition, the continuous high material costs and logistic costs reduced the expected profit margin of the project and created uncertainties in project tendering. Concerning our money lending business, we maintain our conservative approach in customer selection so as to minimize potential future credit loss. As a result, there were an increase in the recognized revenue with a lower profitability from the Group's construction business and a decline in our money lending business during the year.

For the year ended 31 March 2022, the Group recorded total revenue of approximately HK$177.7 million, or a 76.8% increase from that of FY2021 (HK$100.5 million) with the resumption of operation in Macau. The Group's construction business recorded a revenue of approximately HK$173.9 million (2021: HK$94.3 million) and money lending business of approximately HK$3.8 million (2021: HK$6.2 million).

During the year, total gross profit was approximately HK$21.6 million (2021: approximately HK$20.5 million), representing an approximately 5.4% increase. The gross margin for the year was approximately 12.2% (2021: approximately 20.4%).

The Group recorded no revenue from the trading of aluminium products business during the year (2021: Nil). Although the aluminium trading business may not be the Group's focus, the management of the Group will still keep reviewing the current business model and looking for appropriate opportunities to improve the current aluminium trading business.

The Group's construction projects segment recorded revenue of approximately HK$173.9 million for the year (2021: HK$94.3 million). With the abovementioned higher material and logistic costs, the gross margin of the construction projects segment was approximately 10.3% for the year, a reduction from 15.1% last year.

Revenue and gross profit of the money lending segment, which were mainly interest income with no direct interest expense, were both approximately HK$3.8 million for the year ended 31 March 2022, or a 38.7% decrease from that in 2021. The Group maintained a conservative approach in customer selection during the year, and we believe the recent improvement in the economic conditions in Hong Kong may have positive impact to the money lending business in 2022.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2022 and 2021.

PROSPECTS

The world and local economies have been affected by the COVID-19 since 2019. While we are progress to the post-pandemic era, the Group anticipates the resumption to normal will take longer than expected. The Group believes the construction market in Macau is of tremendous potential and will continue our current strategy. In addition, the development in the Guangdong-Hong Kong-Macao Greater Bay Area, the Northern Metropolis Development and Lantau Tomorrow Vision may create numerous opportunities for the Group and we are actively seeking investment and projects so as to expand our operations in both Hong Kong and Macau.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the Group had cash and bank balances of approximately HK$62.4 million (2021: HK$90.2 million) while net assets was approximately HK$297.8 million (2021: HK$332.7 million). The Group's gearing ratio as at 31 March 2022 was approximately 0.05 (2021: approximately 0.06), being a ratio of total bank and other borrowings of approximately HK$16.0 million (2021: approximately HK$19.7 million) to Shareholders' funds of approximately HK$308.7 million (2021: approximately HK$337.4 million).

SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the special general meeting held on 31 August 2015 ("**2015 Scheme**"). The primary purpose of the 2015 Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the 2015 Scheme are as disclosed in the circular of the Company dated 30 July 2015.

Details of the movements in the Share Options under the Share Option Scheme during the Year are set out in note 29 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2022, the monetary assets and liabilities and businesses of the Group are mainly conducted in Hong Kong Dollars, MOP, and United States Dollars. The Group did not use any financial instruments to hedge against foreign currency risk during the Financial Year. The Group will continue to monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2022, the Group pledged an office premises and car park in Macau with an aggregate amount of HK$11.6 million (2021: HK$11.9 million) and bank deposits amounting to approximately HK$28.4 million (2021: HK$27.2 million) to secure bank facilities of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 15 (2021: 18) employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Disclosure of directors' emoluments is set out in note 8 to the consolidated financial statements.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of protecting the environment and strives to minimize the impact to the environment by reducing use of energies and other resources. Further information of the environmental policies and performance will be detailed in the Environmental, Social and Governance Report of the Company which will be available on the websites of the Company and the Stock Exchange within five months after the financial year-end.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, ordinance relating to disability, sex, and family status, the Employment Ordinance, as well as the Minimum Wage Ordinance and well- being of its employees. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc. The Group has also complied with the Stamp Duty Ordinance, Rating Ordinance and Inland Revenue Ordinance in respect of renting of premises during the Year. During the Year, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

APPRECIATIONS

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all our shareholders for their continuous support.

Tung Yee Shing
Chairman

Hong Kong, 29 June 2022

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tung Yee Shing, aged 47, was appointed as an executive Director on 16 November 2021, Mr. Tung has extensive professional and management experience in finance and accounting, mergers and acquisitions (''**M&A**'') and strategic planning. Mr. Tung is currently the company secretary of Taung Gold International Limited (HKEx stock code: 621).

Mr. Tung holds a Bachelor of Social Science degree in Economics and a Master's degree in Business Administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Zhong Can, aged 35, was appointed as an executive Director on 27 October 2017. Mr. Zhong had over 9 years managerial experience in production, import and export, and marketing of motor vehicles and parts in the People's Republic of China (the "**PRC**"). Currently, Mr. Zhong is the Plant Manager of 德慶縣炬林環保新能源開發有限公司, a company established in the PRC which is engaged in trading and manufacturing biomass fuel products, since 2014. Mr. Zhong is currently the director of certain subsidiaries of the Company since January 2017.

Mr. Zhong graduated from the Hunan University in faculty of Business Administration.

Mr. Kwong Kin Fai, Eric, aged 55, was appointed as an Executive Director on 1 September 2018. Mr. Kwong had over 33 years of experience in the engineering industry. Mr. Kwong served as an apprenticeship as a mechanical engineering technician (construction plant) in Aegis Engineering Co., Ltd. from 1985 to 1989 and obtained the higher certificate in mechanical engineering from Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in November 1989. Mr. Kwong then worked as an engineer, technical support engineer, building service engineer, project manager and quality assurance manager in several engineering companies and construction companies from 1990 to 2005. Since 2005, Mr. Kwong has founded Fortune Engineering & Consultants Limited ("**Fortune**") and has been a shareholder and director of Fortune till now.

Fortune is a company established in Hong Kong in May 2005 and its main business involves builder work and electrical and mechanical installations works, which includes additions and alternation work, builder repair and maintenance work, interior fitting-out work, and building service repair and maintenance work.

Mr. Lam Chun Bun, aged 48, had over 25 years of experience in construction project management in Hong Kong and Macau. Mr. Lam has taken senior project management roles including project director and project manager in many main contractors since 1996. Currently, Mr. Lam served as a project director in Macau's main contractor of I Tong Engineering Company Limited, an indirect wholly subsidiary of Zhidao International (Holdings) Limited, for all projects.

Mr. Lam graduated in 1996 at the Hong Kong Polytechnic University with a Bachelor of Science degree in Building Technology and Management, and obtained a master's degree in Construction Project Management from the University of Hong Kong in 2006.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wing Cheung, aged 40, was appointed as an independent non-executive Director on 1 November 2019. Mr. Wong is a Practicing Certified Public Accountant certified under the Hong Kong Institute of Certified Public Accountants. He holds a bachelor degree in business administration in accountancy from City University of Hong Kong.

Mr. Wong has over 10 years of experience in initial public offering, corporate acquisitions and restructuring, due diligence, audit and internal control. From 2005 to 2014, Mr. Wong held various positions in several audit firms, providing audit services in China and Hong Kong to various corporations. Since January 2015, Mr. Wong has set up a consultancy firm for providing advisory services on financial, tax, internal control and daily operation of listed companies.

Mr. Wong is now the financial controller and company secretary of Aidigong Material & Child Health Limited (Stock code: 0286).

Mr. Li Kam Chung, aged 70, was appointed as an independent non-executive Director on 9 January 2012. Mr. Li is also an independent non-executive director of Taung Gold International Limited (listed on the Stock Exchange).

Mr. Kwok Lap Fung Beeson, aged 36, was appointed as an independent non-executive Director on 9 January 2012. Mr. Kwok holds a Bachelor of Business awarded by the University of Technology, Sydney, Australia and is an associate member of CPA Australia.

DIRECTORS' REPORT

The directors (the "**Directors**") of Zhidao International (Holdings) Limited (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2022 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "**Group**") is principally engaged in (i) trading of aluminium products; (ii) supply of aluminium products in construction projects and the provision of construction and engineering services; and (iii) money lending.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the Group's financial position as at 31 March 2022 are set out in the consolidated financial statements on pages 32 to 35.

The board of the Directors of the Company (the "**Board**") did not recommend the payment of any dividend for the year ended 31 March 2022.

GROUP FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 111 to 112 of this report.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 37 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

BUSINESS REVIEW

Further discussion and analysis of the principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2021/22, and an indication of likely future development in the Group business, can be found in the preceding sections of this annual report set out in pages 3 to 5. The preceding sections form part of this report.

PROPERTY, PLANT, EQUIPMENT

Details of movements in property, plant, equipment of the Group during the Year are set out in note 13 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

Under the Companies Act of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares. As at 31 March 2022, there was no aggregate amount of reserves available for distribution to equity holders of the Company (2021: Nil).

DIRECTORS

The Directors during the Year and up to the date of this annual report were as follows:

Executive Directors
Mr. Tung Yee Shing *(Chairman)* (appointed on 16 November 2021)
Mr. Fung Kwok Kit *(Chairman)* (passed away on 26 September 2021)
Mr. Zhong Can
Mr. Kwong Kin Fai, Eric
Mr. Lam Chun Bun

Independent Non-executive Directors
Mr. Wong Wing Cheung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

In accordance with Bye-laws 87(1) and 87(2), Mr. Tung Yee Shing, Mr. Wong Wing Cheung and Mr. Kwok Lap Fung, Beeson will retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

Biographical details of Directors are set out on pages 6 to 7.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Company considers all independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

As at 31 March 2022, the interests or short positions of the Directors, chief executives of the Company or their associates in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise 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 to the Listing Rules adopted by the Company for the Year were as follows:

None of the Directors and chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as the related parties transactions disclosed in note 32 to the consolidated financial statements, there were no contract of significance to which the Company, its holding companies and any of its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Year.

SHARE OPTIONS SCHEME

The Company adopted a share option scheme at the annual general meeting held on 31 August 2015 (the "**Adoption Date**") (the "**2015 Scheme**") for the purpose of providing incentives to Participants (as defined in the 2015 Scheme) to contribute to the Group and/or to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group and the shareholders of the Company as a whole. Participants include the directors and any employees of the Group, supplier of goods or services of the Group, any person provides professional advice, consultancy service or technical support to the Group and any shareholders of any member of the Group. Unless otherwise terminated or amended, the 2015 Scheme will remain in force for 10 years from the Adoption Date. The principal terms of the 2015 Scheme are summarised as follows:

(a) The maximum number of shares in respect of which share options may be granted under the 2015 Scheme must not exceed 10% of the number of shares of the Company in issue as at the Adoption Date. Subject to prior shareholders' approval, the Company may, at any time thereafter, refresh the scheme mandate limit to the extent not exceeding 10% of the shares in issue as at the date of the shareholders' approval. Following the adoption at the Adoption Date, the maximum number of shares in respect of which options may be granted under the 2015 Scheme is 198,000,000 shares, representing 10% of the total number of shares in issue as at the Adoption Date, and representing 10% of the issued share capital of the Company as at 31 March 2016 and the date of this annual report respectively. The maximum number of shares to be issued under the share options granted to each Participant in the 2015 Scheme within any 12-month period is limited to 1% of the number of 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.

(b) Share options granted to a director, chief executive or substantial shareholder 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 associated, in excess of 0.1% of the number of shares of the Company in issue at any time and with an aggregate value (based on the closing 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.

(c) The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a consideration of HK$1.00 in total by the grantee. The vesting period and exercise period of the share options granted is determinable by the directors, but not exceeding 10 years from the offer date.

(d) The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of the Company's shares stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

At the end of the reporting period and at the date of approval of these consolidated financial statements, the Company does not have any Share Options valid and outstanding.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and neither the Directors nor any of their spouse or children under the age of 18, had any rights to subscribe for the securities of the Company, or exercised any such rights.

MANAGEMENT CONTRACTS

Save as disclosed above, no contract of significance had been entered into between the Company or any of the subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

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

As at 31 March 2022, so far as is known to any Directors or chief executive of the Company, other than the interests disclosed above in respect of the Directors and the chief executive, the following substantial shareholders had interests or short positions in the shares or 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Xu Jiao	Interest of controlled corporation *(Note a)*	450,000,000	22.73%
Kwok Tao Capital Investment Limited	Beneficial owner *(Note a)*	400,000,000	20.20%

Note:

(a) Ms. Xu Jiao ("**Ms. Xu**") was deemed to be interested in these shares through her controlling interest in Kwok Tao Capital Investment Limited ("**Kwok Tao**"). Kwok Tao was owned as to 79% by Ms. Xu. Besides, 50,000,000 shares were beneficially owned by Goldstar Success Limited ("**Goldstar**"). Goldstar was in turn wholly-owned by Ms. Xu.

Save as disclosed above, no other parties had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange as at 31 March 2022.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the respective percentage of revenue attributable to the Group's five largest customers combined by value accounted for 99.1% in value of the revenue during the Year, while revenue attributable to the Group's largest customer by value accounted for 97.4% in value of the revenue during the Year.

The respective percentages of cost of sales of the Group attributable to the largest supplier and the five suppliers in aggregate are 91.3% and 100% respectively.

At no time during the Year did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in the major suppliers or customers noted above.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

The Group did not have any significant investments and material acquisitions for the year.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2022.

COMMITMENTS

The Group did not have any significant commitment as at 31 March 2022.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and senior management of the Company is currently in force and was in force throughout the Year. The Group has appropriately purchased directors and officers liability insurance for the Year to minimize the risks of Directors and senior management for the performance of their corporate duties.

DIRECTORS' REPORT

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that employees are valuable assets and the key element to sustain its growth and development. Thus the Group maintain a competitive remuneration package, discretionary bonus, training and occupational health and safety to retain the employees. The Group will consistently review the remuneration packages so as to competitive with the market. Further, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Customers and suppliers are another important elements for the Group to success. Thus the Group would value good relationship with the customers and suppliers by ways of providing high quality services and products to the customers, as well as maintaining a mutual trust and commitment with the suppliers.

EQUITY-LINK AGREEMENTS

During the Year, other than the 2015 Scheme as set out above and note 29 to the consolidated financial statements, the Company has not entered into any equity-linked agreement.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these consolidated financial statements for the year ended 31 March 2022, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group.

AUDITORS

A resolution for the re-appointment of Crowe (HK) CPA Limited as the auditors of the Company for the subsequent year will be proposed at the AGM.

By order of the Board
Tung Yee Shing
Chairman

Hong Kong, 29 June 2022

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to (i) enhance management effectiveness and efficiency; (ii) increase the transparency of the Company; (iii) enhance risk management and internal control of the Company; and (iv) safeguard the interests of the Shareholders and the Company as a whole.

The Company has adopted the code provisions set out in Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") ("**CG Code**"). The Company was in compliance with all code provisions set out in the CG Code throughout the year ended 31 March 2022 (the "**Year**").

THE BOARD

Role of the Board

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

Board Composition

The Board currently has three executive Directors and three non-executive Directors. All the non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 6 to 7 under the section headed "Biographical Details of Directors".

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-Executive Directors ("**INEDs**"), together with the requirements of Rule 3.10(2) of the Listing Rules stipulating that at least one of the INED must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, all INEDs do not involve in the daily management of the Company and there are no relationships or circumstances which would interfere with the exercise of their independent judgement. The Board considers that all of the INEDs are independent.

There is respective service contract between the Company and each Director with specific terms. All Directors are subject to re-election by shareholders at the annual general meetings of the Company ("**AGM**") and at least about once every three years on a rotation basis in accordance with the bye-laws of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Shareholders may propose a candidate for election as Director in accordance with the bye-laws of the Company. The procedures for such proposal are posted on the website of the Group.

Board Meetings

The Directors can attend meetings in person or through other electronic means of communication in accordance with the bye-laws of the Company.

The Board meets regularly with meeting dates scheduled in advance. Between scheduled meetings, senior management of the Group provides to Directors on a regular basis monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the Year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Group's Company Secretary ("**Company Secretary**") and other executives as and when required. Whenever necessary, additional Board meetings are held. Notice is given to all Directors so as to give them an opportunity to attend. Board papers are circulated not less than three days before the date of a Board meeting to enable the Directors to make informed decision on matters to be raised at the Board meetings. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

During the Year, the Company held 5 Board meetings and the 2021 AGM on 26 August 2021. The attendance of each Director is set out as follows:

Name of Directors	Board Meeting Attended/ Eligible to Attend	2021 AGM Attended
Executive Directors		
Mr. Tung Yee Shing *(Chairman)* (appointed on 16 November 2021)	1/1	
Mr. Fung Kwok Kit *(Chairman)* (passed away on 26 September 2021)	2/2	✓
Mr. Zhong Can	5/5	
Mr. Kwong Kin Fai, Eric	5/5	✓
Mr. Lam Chun Bun	5/5	
Independent Non-executive Directors		
Mr. Wong Wing Cheung	5/5	
Mr. Li Kam Chung	5/5	
Mr. Kwok Lap Fung, Beeson	5/5	✓

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

Directors' Training

All Directors have participated in continuous professional development and provided a record of training they received for the Year to the Company. In addition to their own participation in professional training, relevant training and reading materials was provided to the Directors by the Company in the Year to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

CORPORATE GOVERNANCE REPORT

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, details of which are described later in this report. The terms of reference for these Committees, which have been reviewed and revised with reference to the CG Code and adopted by the Board, are available on the websites of the Group and the Stock Exchange.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, he organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in the Group's securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the bye-laws of the Company. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to the advice and service of the Company Secretary. The Company Secretary has been appointed since 2017 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and ensuring that the statements give a true and fair presentation in accordance with statutory requirements and applicable accounting standards. The Directors ensure the publication of the Group's consolidated financial statements in a timely manner.

The statement of the Group's Auditors about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditors' Report on pages 24 to 31 of this Annual Report.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Audit Committee

The Company established the Audit Committee with written terms of reference on 9 January 2012. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Wong Wing Cheung (Chairman of the Audit Committee), Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson. The Chairman of the Audit Committee has the appropriate professional qualification as required by the Listing Rules.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditors regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The Audit Committee held two meeting during the Year.

Name of Members	Attended/ Eligible to Attend
Mr. Wong Wing Cheung *(Chairman)*	2/2
Mr. Li Kam Chung	2/2
Mr. Kwok Lap Fung, Beeson	2/2

The Board also delegated certain corporate governance functions to the Audit Committee, including the review and monitoring of (a) the Group's policies and practices on corporate governance and make recommendations to the Board; (b) the training and continuous professional development of Directors and senior management; (c) the Group's policies and practices on compliance with legal and regulatory requirements; (d) the code of conduct of the Group applicable to employees and Directors; and (e) the Group's compliance with the Code and disclosure in the Corporate Governance Report.

External Auditors

The Audit Committee reviews and monitors the external auditors' independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditors confirming their independence and objectivity and holds meetings with representatives of the external auditors to consider the scope of their audit, approve their fees, and the scope and appropriateness of non-audit services, if any, to be provided by them. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

The accounts for the Year were audited by Crowe whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that Crowe be re-appointed as the auditors of the Company at the forthcoming AGM.

Auditors' Remuneration

During the Year, the total remuneration in respect of audit services and non-audit services provided by the Company's external auditor, Crowe (HK) CPA Limited, are as follows:

Services category	**Amount HK$'000**
Audit services	1,070
Non-audit services	–

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control systems for the Group in order to safeguard the Group's assets against unauthorised use or disposition, and to protect the shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board will from time to time conduct a review of the Group's internal control system. During the Year, the Board, through the Audit Committee, conducted an annual review of the overall effectiveness of the system of internal control of the Group over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and the effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board concluded that in general, the Group had set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

REMUNERATION OF DIRECTORS

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference on 9 January 2012. The terms of reference of the Remuneration Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the CG Code. The written terms of reference clearly define the role, authority and function of the Remuneration Committee.

The Remuneration Committee is currently chaired by Mr. Li Kam Chung with Mr. Wong Wing Cheung (both were Independent Non-executive Directors) and Mr. Tung Yee Shing (Executive Director) as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year for the determination of the remuneration package of Directors of the Group.

The principal duties of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's business operations. It includes making recommendations to the Board on the Company's policy and structure on the remuneration package of all Director and senior management remuneration and on the establishment of a fair and transparent procedure for developing remuneration policy.

The Company has adopted a share option scheme on 31 August 2015. The emoluments of Directors, including discretionary bonus and share options, are determined based on the duties and responsibilities of each Director and the Group's business performance. The Directors' fees were reviewed by the Remuneration Committee.

During the Year, the Remuneration Committee held its meeting once to review and approve the remuneration package of each Director. The attendance record is set out below.

Name of Member	Attended/ Eligible to attend
Mr. Li Kam Chung *(Chairman)*	2/2
Mr. Wong Wing Cheung	2/2
Mr. Tung Yee Shing (appointed on 16 November 2021)	0/0
Mr. Fung Kwok Kit (passed away on 26 September 2021)	1/1

Remuneration Policy

The remuneration payable to Directors depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions.

Emoluments of Directors

Details of the emoluments of the Directors for the Year are set out in note 8 to the consolidated financial statements.

NOMINATION OF DIRECTORS

Nomination Committee

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 9 January 2012. The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the CG Code.

The Nomination Committee is currently chaired by Mr. Wong Wing Cheung with Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson as members. All the Nomination Committee members are INEDs of the Company.

The function of the Nomination Committee are to review and monitor the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

During the Year, the Nomination Committee held its meeting once to assess the independence of the INEDs, to consider the re-election of Directors and to review the composition of the Board. The attendance record is set out below.

Name of Member	**Attended/ Eligible to attend**
Mr. Wong Wing Cheung *(Chairman)*	2/2
Mr. Li Kam Chung	2/2
Mr. Kwok Lap Fung, Beeson	2/2

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 28 November 2013 (the "**Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. The policy is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports in accordance with the continuing disclosure obligations under the Listing Rules. An up-to-date consolidated version of the Bye-laws of the Company is published on the websites of the Group and the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Shareholders are encouraged to attend all general meetings of the Company. The results of the poll are published on the websites of the Group and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at 2021 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 26 August 2021.

Procedures for Putting Forward Proposed Resolution and Statements by Shareholders at Shareholders' Meeting

Shareholders may by a written request put forward a proposed resolution to or a statement of not more than one thousand words to a resolution at a general meeting. The number of shareholders necessary shall be any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than one hundred shareholders.

A copy or copies of requisition signed by all requisitionists shall be deposited to the company secretary at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the general meeting unless the general meeting is called for a date six weeks or less after the copy has been deposited; and

(ii) any other requisition, not less than one week before the general meeting.

The Board shall include the proposed resolution in the agenda of the general meeting upon confirmation of the written requisition is proper and in order by the Company's share registrars and there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in serving and circulating the notice of the proposed resolution or the statement to a resolution in accordance with relevant statutory requirement to give effect thereto.

CORPORATE GOVERNANCE REPORT

Shareholders to Convene a Special General Meeting

Shareholders holding at the date of deposit of the requisition ("**Requisition Date**") not less than one-tenth of the paid-up capital of the Company carrying the voting right at general meetings are entitled to request the Board to convene special general meeting ("**SGM**") by written requisition, duly signed by all the concerned shareholders and deposited to the company secretary of the Company at the principal place of business in Hong Kong.

Shareholders shall state the purposes of SGM in the written requisition and may consist of several documents in like form each signed by one or more of those concerned shareholders.

The written requisition will be verified by the Company's share registrar and upon their confirmation that such requisition is proper and in order, the Board shall convene SGM by serving the notice to all shareholders for passing special resolution by not less than 21 clear days' notice in writing and for ordinary resolution by not less than 14 clear days' notice in writing.

If the Board do not within twenty-one (21) days from the Requisition Date proceed to convene SGM and do not within two (2) months from the Requisition Date to hold the SGM, the concerned shareholders or any of them representing more than one half of the total voting rights of all of them, may convene a SGM themselves but the SGM shall be held within three (3) months from the Requisition Date.

Voting By Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2022 AGM will be voted by poll.

Written Communications by Shareholders to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may send written enquiries, comments and suggestions to the Board or the Company addressed to the Company Secretary at the Company's principal place of business in Hong Kong by mail to Room 2606, 26/F, C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong or by email at info@zdihl.com.

By order of the Board
Wong Kin Chung
Company Secretary

Hong Kong, 29 June 2022

INDEPENDENT AUDITOR'S REPORT

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

To the members of Zhidao International (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Zhidao International (Holdings) Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 32 to 110, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from contracts with customers in relation to the provision of construction and engineering services	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 5 to the consolidated financial statements for further information. The Group recorded revenue from contracts with customers in relation to the provision of construction and engineering services totalling HK$173,865,000 for the year ended 31 March 2022. Contract revenue is recognised progressively over time using either the input method or the output method, as appropriate. Contract revenue recognised progressively over time using the output method is based on direct measurements of the value of services delivered or surveys of work performed with reference to surveyor's certificate (the "**Surveyor's Certificate**") either from the customers' in-house surveyor or independent surveyors appointed by the customers. Contract revenue from certain variation orders recognised progressively over time using the input method is based on the Group's efforts or inputs to the satisfaction of the performance obligations, with reference to the construction cost incurred up to the end of the period as a percentage of estimated total contract cost. Management reviews and revises the estimates of construction revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses. For the above reasons, we identified the revenue recognition from contracts with customers in relation to the provision of construction contracts as a key audit matter.	Our procedures in relation to management's assessment of the revenue recognition from contracts with customers in relation to the provision of construction and engineering services included: — Assessing the design of key internal controls over the contract revenue recognition processes; — Inspecting a sample of contract agreements with contractors to identify key terms and conditions, including the contracting parties, the contract period, the contract sum, the scope of work, the methodology for calculating liquidated and ascertained damages, and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and costs to complete in the forecast of the outcome of the contracts; — Obtaining the Surveyor's Certificate and comparing the contract revenue recognised for contracts in progress during the year, on a sample basis, with reference to the Surveyor's Certificate; — Obtaining a detailed breakdown of the total estimated costs to completion for all contracts in progress during the year and comparing, on a sample basis, actual costs incurred to the reporting date and future cost estimates with agreements, certifications or correspondence with sub-contractors and suppliers and other documentation referred to by management in its assessment of the estimated costs to completion; — Obtaining a detailed breakdown of the variation orders for the year and comparing, on a sample basis, actual costs incurred to the reporting date regarding such variation orders or correspondence with its contractors; and

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from contracts with customers in relation to the provision of construction and engineering services (Continued)	
	— Discussing with management the performance of contracts in progress during the year, on a sample basis, and challenging the key estimates and assumptions adopted in the forecasts for construction revenue and construction costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and the assessment of potential liquidated and ascertained damages for construction which were behind schedule, by obtaining and evaluating relevant information in connection to the assumptions adopted, including sub-construction agreements and subcontracts, correspondence with sub-constructor regarding contract variations and claims and by considering historical outcomes for similar contracts.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowance for impairment of the trade receivables and contract assets	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 16 and 18 to the consolidated financial statements for further information. The carrying amount of the Group's trade receivables and contracts assets was approximately HK$14,413,000 and HK$36,207,000, respectively, as at 31 March 2022, net of impairment losses of approximately HK$20,118,000 and HK$4,827,000, respectively. The Group has applied the simplified approach for impairment assessment of trade receivables and contract assets, which are assessed individually for customer which are credit impaired and collectively using a provision matrix. For the purpose of assessing the expected credit losses ("**ECL**"), the directors of the Company (the "**Directors**") engaged an independent professional valuer to perform a valuation (the "**ECL on Trade Receivables and Contract Assets Valuation**") regarding ECL on trade receivables and contract assets based on the management's assumptions. Significant management judgement was used to determine the key assumptions underlying the ECL on Trade Receivables and Contract Assets Valuation, including (i) the probability of default ("**PD**") and loss given default ("**LGD**"); and (ii) the selection and use of reasonable and supportable forward-looking information without undue cost or effort in the ECL model, which involves management's judgements and assumptions and the valuation technique involves significant unobservable input. Based on the above, the Group has (i) recognised an allowance for impairment of trade receivables of approximately HK$10,088,000; and (ii) recognised an allowance for impairment of contract assets of HK$2,113,000 during the year. For the above reasons, we identified the allowance for impairment of trade receivables and contract assets as a key audit matter.	Our procedures in relation to management's assessment of the allowance for impairment of the trade receivables and contract assets included: — Discussing with management and the valuer to understand the basis of valuation approach and methodology; — Challenging the valuer on the adoption of the assumptions and estimations in the valuation; — Evaluating the independence, professionalism and the accuracy of the work performed by the valuer; — Evaluating the reasonableness and appropriateness of the ECL on Trade Receivables and Contract Assets Valuation and the assumptions, information and parameters used in the model, including PD, LGD and forward-looking factors; — Checking with the information used by management to develop the provision matrix including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; — Checking settlement from customers after the financial year end relating to the trade receivables and contract assets as at 31 March 2022 on a sample basis; and — Recalculating the provision of impairment of the trade receivables and contract assets, if any, and assessing the sufficiency of impairment as at 31 March 2022.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowance for impairment of loan and interest receivables	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates and note 17 to the consolidated financial statements for further information. The carrying amount of the Group's loan and interest receivables was approximately HK$58,693,000, as at 31 March 2022, net of impairment losses of approximately HK$49,716,000. Management assessed the provision for impairment of loan and interest receivables based on the estimation of ECL under a "three-stage" model. For the purpose of assessing the ECL, the Directors engaged an independent professional valuer to perform a valuation (the "**ECL on Loan and Interest Receivables Valuation**") regarding ECL on loan and interest receivables based on the management's assumptions. Significant management judgement was used to determine the key assumptions underlying the ECL on Loan and Interest Receivables Valuation, including (i) the PD and LGD; and (ii) the selection and use of reasonable and supportable forward-looking information without undue cost or effort in the ECL model, which involves management's judgements and assumptions and the valuation technique involves significant unobservable input. In determining whether the credit risk has increased significantly since initial recognition, the Group performed assessment on each of the loan and interest receivables on an individual basis and considered both reasonable and supportable quantitative and qualitative information. The Group, amongst other factors, assessed whether there was a significant drop in the value of the collateral at the end of the reporting period, which could indicate a significant increase in credit risk since initial recognition. When no significant increase in credit risk since initial recognition was identified, the Group grouped the loan and interest receivables on the basis of shared credit risk characteristics and measured impairment at 12-month ECL ("**12m ECL**") on a collective basis. Based on the above, the Group has provided an allowance for impairment of loan and interest receivables of approximately HK$12,486,000 during the year. For the above reasons, we identified the allowance for impairment of loan and interest receivables as a key audit matter.	Our procedures in relation to management's assessment of the allowance for impairment of the loan and interest receivables included: — Discussing with management and the valuer to understand the basis of valuation approach and methodology; — Challenging the valuer on the adoption of the assumptions and estimations in the valuation; — Evaluating the independence, professionalism and the accuracy of the work performed by the valuer; — Assessing the appropriateness of whether loan receivables with no significant increase in credit risk since initial recognition have been grouped based on common risk characteristics and assessed for 12m ECL on a collective basis; — Evaluating the reasonableness and appropriateness of the ECL on Loan and Interest Receivables Valuation and the assumptions, information and parameters used in the model, including PD, LGD and forward-looking factors; — Checking with the information used by management in the calculation of ECL on Loan and Interest Receivables Valuation (i.e. loan term and collateral as mentioned in loan agreements); — Checking settlement from customers after the financial year end relating to the loan and interest receivables as at 31 March 2022 on a sample basis; and — Recalculating the provision of impairment of the loan and interest receivables, if any, and assessing the sufficiency of impairment as at 31 March 2022.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Determination of the fair value of equity investment at fair value through other comprehensive income	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates and note 21 to the consolidated financial statements for further information. The carrying amount of the Group's equity investment at fair value through other comprehensive income represents an unlisted equity investment in a private company at fair value of approximately HK$16,200,000, as at 31 March 2022. For the purpose of assessing the fair value of this unlisted equity investment, the Directors engaged an independent professional valuer to perform a valuation (the "**Shares Valuation**") regarding this unlisted equity investment based on management's assumptions. Significant management judgement was used to determine the key assumptions underlying the Shares Valuation, including remeasure the fair value with reference the net assets value of such unlisted equity investment in a private company adjusted by a discount for lack of marketability and control premium, which involves management's judgements and assumptions and valuation technique involves significant unobservable inputs. Based on the above, the Group provided a fair value loss on the equity investment at fair value through other comprehensive income of approximately HK$3,200,000 which was put through the consolidated statement of other comprehensive income during the year. For the above reasons, we identified the determination of the fair value of the equity investment at fair value through other comprehensive income as a key audit matter.	Our procedures in relation to the determination of the fair value of the equity investment at fair value through other comprehensive income included: — Discussing with management and the valuer to understand the basis of valuation approach and methodology; — Challenging the valuer on the adoption of the assumptions and estimations in the valuation; — Evaluating the independence, professionalism and the accuracy of the work performed by the valuer; — Checking with financial data through internal or external sources, on a sample basis, used in the Share Valuation for remeasure the fair value of the equity investment at fair value through other comprehensive income adjusted by a discount for lack of marketability and control premium; and — Recalculating the fair value of the equity investment at fair value through other comprehensive income as at 31 March 2022.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors are responsible for the other information. The other information comprises all information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT

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

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants

Tsui Kar Lam, Karen
Practising Certificate Number P06426

Hong Kong
29 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE	5	**177,652**	100,532
Cost of sales	6	**(156,038)**	(80,061)
Gross profit		**21,614**	20,471
Other income and gains	5	**3,031**	10,744
General and administrative expenses		**(17,603)**	(15,695)
Finance costs	7	**(690)**	(912)
Fair value loss on equity investments at fair value through profit or loss	20	**(3,324)**	(3,564)
Impairment of trade receivables	16	**(10,088)**	(9,260)
Impairment of other receivables	19	**(2,888)**	(336)
(Impairment)/reversal of impairment of contract assets	18	**(2,113)**	443
Impairment of loan and interest receivables	17	**(12,486)**	(12,704)
Impairment of amount due from associates	15	**(4,258)**	(326)
Reversal of impairment of property, plant and equipment	13	**–**	484
Write-off of equity investments at fair value through profit or loss	20	**(3,170)**	–
LOSS BEFORE TAX	6	**(31,975)**	(10,655)
Income tax credit	10	**916**	720
LOSS FOR THE YEAR		**(31,059)**	(9,935)
OTHER COMPREHENSIVE LOSS			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange difference reclassified to profit or loss upon strike off of a subsidiary		**(583)**	–
Exchange differences on translation of foreign operations		**(101)**	(175)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income changes in fair value	21	**(3,200)**	(263)
NET OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(3,884)**	(438)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(34,943)**	(10,373)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Loss attributable to:			
Owners of the Company		**(24,910)**	(5,351)
Non-controlling interests		**(6,149)**	(4,584)
		(31,059)	(9,935)
Total comprehensive loss attributable to:			
Owners of the Company		**(28,794)**	(5,789)
Non-controlling interests		**(6,149)**	(4,584)
		(34,943)	(10,373)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*11*		
Basic		**(1.26) cents**	(0.27) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**14,227**	14,807
Right-of-use assets	14(a)	**246**	712
Loan and interest receivables	17	**20,829**	27,039
Contract assets	18	**22,746**	12,337
Deferred tax assets	27	**8,203**	6,296
Interests in associates	15	**11,749**	16,007
Total non-current assets		**78,000**	77,198
CURRENT ASSETS			
Trade receivables	16	**14,413**	15,223
Loan and interest receivables	17	**37,864**	57,438
Contract assets	18	**13,461**	28,559
Deposits, prepayments and other receivables	19	**186,096**	123,601
Equity investments at fair value through profit or loss	20	**8,624**	15,118
Equity investment at fair value through other comprehensive income	21	**16,200**	19,400
Pledged bank deposits	22	**28,431**	27,192
Cash and cash equivalents	22	**62,418**	90,217
Total current assets		**367,507**	376,748
CURRENT LIABILITIES			
Trade payables	23	**9,738**	17,931
Lease liabilities	14(b)	**250**	479
Other payables and accruals	24	**8,162**	2,576
Contract liabilities	25	**90,443**	46,823
Interest-bearing bank borrowings	26	**8,792**	10,344
Contingent consideration payable	31	**–**	6,089
Tax payables		**3,959**	2,969
Total current liabilities		**121,344**	87,211
NET CURRENT ASSETS		**246,163**	289,537
TOTAL ASSETS LESS CURRENT LIABILITIES		**324,163**	366,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Retention payables		**19,170**	24,384
Interest-bearing bank borrowings	26	**7,214**	9,393
Lease liabilities	14(b)	**6**	242
Total non-current liabilities		**26,390**	34,019
Net assets		**297,773**	332,716
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**19,800**	19,800
Reserves		**288,854**	317,648
		308,654	337,448
Non-controlling interests		**(10,881)**	(4,732)
Total equity		**297,773**	332,716

Approved and authorised for issue by the board of directors on 29 June 2022.

Tung Yee Shing
Director

Kwong Kin Fai, Eric
Director

The notes on page 39 to 110 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000 (note 32(i))	Capital reserve HK$'000 (note 32(ii))	Fair value reserve of financial assets at fair value through other comprehensive income (non-recycling) HK$'000 (note 32(v))	Translation reserve HK$'000 (note 32(iii))	Share option reserve HK$'000 (note 32(iv))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	19,800	485,679	(20,945)	(1,052)	714	15,080	(156,039)	343,237	(148)	343,089
Loss for the year	–	–	–	–	–	–	(5,351)	(5,351)	(4,584)	(9,935)
Other comprehensive loss for the year:										
— Exchange differences on translation of foreign operations	–	–	–	–	(175)	–	–	(175)	–	(175)
— Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	(263)	–	–	–	(263)	–	(263)
Total comprehensive loss for the year	–	–	–	(263)	(175)	–	(5,351)	(5,789)	(4,584)	(10,373)
Transfer of share option reserve upon lapsing of share options	–	–	–	–	–	(15,080)	15,080	–	–	–
At 31 March 2021 and 1 April 2021	19,800	485,679	(20,945)	(1,315)	539	–	(146,310)	337,448	(4,732)	332,716
Loss for the year	–	–	–	–	–	–	(24,910)	(24,910)	(6,149)	(31,059)
Other comprehensive loss for the year:										
— Exchange difference reclassified to profit or loss upon strike off of a subsidiary	–	–	–	–	(583)	–	–	(583)	–	(583)
— Exchange differences on translation of foreign operations	–	–	–	–	(101)	–	–	(101)	–	(101)
— Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	(3,200)	–	–	–	(3,200)	–	(3,200)
Total comprehensive loss for the year	–	–	–	(3,200)	(684)	–	(24,910)	(28,794)	(6,149)	(34,943)
At 31 March 2022	19,800	485,679*	(20,945)*	(4,515)*	(145)*	–*	(171,220)*	308,654	(10,881)	297,773

* These reserve accounts comprise the consolidated reserves of approximately HK$288,854,000 (2021: HK$317,648,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(31,975)**	(10,655)
Adjustments for:			
Bank interest income		**(512)**	(537)
Dividend income from equity investments at fair value through profit or loss		**(1,299)**	(1,247)
Fair value loss on equity investments at fair value through profit or loss		**3,324**	3,564
Gain on disposal of property, plant and equipment		**–**	(4,369)
Gain on strike off of a subsidiary		**(726)**	–
Depreciation of property, plant and equipment		**610**	1,186
Depreciation of right-of-use assets		**466**	472
Finance costs		**690**	912
Impairment of trade receivables		**10,088**	9,260
Impairment of other receivables		**2,888**	336
Impairment of amount due from associates		**4,258**	326
Amortisation of intangible asset		**–**	60
Impairment of loan and interest receivables		**12,486**	12,704
Impairment/(reversal of impairment) of contract assets		**2,113**	(443)
Reversal of impairment of property, plant and equipment		**–**	(484)
Write-back of other payables		**(300)**	(992)
Write-off of equity investments at fair value through profit or loss		**3,170**	–
		5,281	10,093
Decrease in contract assets		**2,576**	7,530
(Increase)/decrease in trade receivables		**(9,279)**	18,911
Decrease/(increase) in loan and interest receivables		**13,298**	(5,854)
Increase in deposits, prepayments and other receivables		**(65,383)**	(31,217)
Increase in contract liabilities		**43,620**	39,095
(Decrease)/increase in retention payables		**(5,214)**	11,392
Decrease in trade payables		**(8,193)**	(85,737)
Decrease in other payables and accruals		**(60)**	(4,988)
Cash used in operations		**(23,354)**	(40,775)
Hong Kong profits tax paid		**–**	(1,513)
Macau profits tax paid		**–**	(1,526)
Net cash flows used in operating activities		**(23,354)**	(43,814)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**512**	537
Purchases of items of property, plant and equipment	*13*	**(30)**	(49)
Dividend received		**1,299**	1,247
Capital element of finance lease received		**–**	582
(Increase)/decrease in pledged bank deposits		**(1,239)**	1,836
Net cash flows from investing activities		**542**	4,153
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing bank and other borrowings	*33(b)*	**(4,118)**	(4,120)
Capital element of lease rentals paid	*33(b)*	**(465)**	(470)
Interest element of lease rentals paid	*33(b)*	**(26)**	(26)
Interest paid	*33(b)*	**(664)**	(886)
Net cash flows used in financing activities		**(5,273)**	(5,502)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(28,085)**	(45,163)
Cash and cash equivalents at beginning of year		**88,842**	134,180
Effect of foreign exchange rate changes, net		**(101)**	(175)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**60,656**	88,842
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**62,418**	90,217
Bank overdrafts	*22*	**(1,762)**	(1,375)
		60,656	88,842

1. CORPORATE AND GROUP INFORMATION

Zhidao International (Holdings) Limited (the "**Company**") is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Room 2606, 26th Floor, C C Wu Building, No. 302–308 Hennessy Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "**Group**") is principally engaged in (i) trading of aluminium products; (ii) supply of aluminum products in construction projects and the provision of construction and engineering services; and (iii) money lending.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 September 1997.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wealthy Hero Investments Limited	British Virgin Islands ("**BVI**")	US$1	100	–	Investment holding
Rongbao Holdings Limited	BVI	US$1	100	–	Investment holding
Golden Beach Enterprises Limited	BVI	US$1	100	–	Investment holding
Wealthy Hero Holdings Limited	Hong Kong	HK$1	–	100	Money lending business
Rongbao Investments Limited	Hong Kong	HK$1	–	100	Investment holding
Fast Excel Limited	Hong Kong	HK$10	–	51	Investment holding
Parkson Trade Services Limited	Hong Kong	HK$1	–	100	Trading of aluminium products
Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited	Hong Kong	HK$5	–	51	Not yet commenced business
First Rate Ventures Limited	BVI	US$1	100	–	Investment holding

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hoperay Holdings Limited	BVI	US$1	100	–	Investment holding
Solar Shine Developments Limited	BVI	US$1	100	–	Provision of engineering, development and construction of a mining project
Universe Clear Limited	BVI	US$1	100	–	Investment holding
Po Kei Asia Limited	Hong Kong	HK$100	100	–	Investment holding
Goldland Asia Limited	Hong Kong	HK$10	100	–	Investment holding
Zhidao Asia Limited	Hong Kong	HK$10	100	–	Not yet commenced business
I Tong Engineering Company Limited ("I Tong")	Macau	MOP38,000	–	100	Provision of construction contracts
怡東建築工程(珠海)有限公司 *(note a)*	People's Republic of China ("PRC")	RMB2,582,000 (2021: RMB1,753,000)	–	100	Provision of construction contracts

Note:

(a) Registered as wholly-foreign owned enterprises under the PRC Law.

2.1 BASIS OF PREPARATION

These consolidated 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**"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) equity investments at fair value through profit or loss; (ii) equity investments at fair value through other comprehensive income; and (iii) contingent consideration payable which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2022. A subsidiary is an entity, directly or indirectly, controlled by the Group. 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 Group 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.

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Covid-19 related Rent Concession
Amendments to HKFRS 16	Covid-19 related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
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[2]
HKFRS 17	Insurance contracts and the Related Amendments[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for annual periods beginning on or after 1 January 2023.

[3] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interests in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets and 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 the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of 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 the consolidated statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the key management personnel of the Group or of a parent of the Group; or

(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 a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of 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 joint 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.

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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Ownership interests in leasehold land and building

When the Group make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the consideration cannot be allocated reliably between non-lease building elements and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease term
Buildings	2%
Leasehold improvements	Over the lease term
Plant and machineries	10%
Furniture, fixture and equipment	10%–33%
Motor vehicles	20%

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 lease 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 the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

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

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.

(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 over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office Premises	Over the lease terms
Plant and machinery	Over the lease terms

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.

The Group’s lease liabilities are included in interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases 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 its 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 revenue in the statement of 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 an underlying assets to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other 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 the financial asset's 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 or fair value through other comprehensive income, 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 within 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.

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 the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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 asset 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 asset, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises 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.

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 90 days 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 not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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 historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 payables, other payables and accruals, interest-bearing bank and other borrowings and contingent consideration payable.

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 the statement of 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 the statement of profit or loss.

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 the statement of profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, less bank overdrafts 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.

Provisions and contingent liabilities

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 finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

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

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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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, associates and joint ventures, 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, associates and joint ventures, 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 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.

(a) *Sales of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

(b) *Construction services*

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the output method, i.e. based on direct measurements of the value of services delivered or surveys of work performed and the estimated total revenue for the contracts entered into by the Group.

If construction projects have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Construction services (Continued)

The likelihood of contract variations, claims and liquidated damages are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Revenue from other sources

(a) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(b) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, 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 the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Employee benefits

Short term employee benefits

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

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits 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 the consolidated statement of 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 employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payment

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Binominal model, further details of which are given in note 31 to the consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment *(Continued)*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

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.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their consolidated statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Revenue recognition from construction contracts

Revenue from construction contracts are recognised over time. Such revenue and profit recognition on incompleted projects is dependent on estimating 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 and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred. Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on revenue and profit recognised to date. In addition, actual outcomes in terms of total revenue or 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 periods as an adjustment to the amounts recorded to date.

Estimation uncertainty

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.

Provision for ECLs on trade receivables and contract assets

The Group applies the simplified approach and uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates and with reference to the average default rate of the same industry. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for ECLs on trade receivables and contract assets *(Continued)*

The assessment of the correlation among historical observed default rates and average default rate of the same industry, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables, contract assets and related credit risk is disclosed in notes 16, 18 and 36 to the consolidated financial statements, respectively.

Provision for ECLs on of loan and interest receivables

The Group assesses provision for impairment of loan and interest receivables based on an estimate of the recoverability of these receivables. In determining whether the credit risk has increased significantly since initial recognition, the Group performs assessment on each of the loan and interest receivables on an individual basis considering reasonable and supportable quantitative and qualitative information. The Group, amongst other factors, assesses whether there is a significant drop in the value of the collateral, if any, at the end of the reporting period, which could indicate a significant increase in credit risk since initial recognition. Significant judgements and estimation are involved when performing valuation of the collateral. In cases where the value of the collateral decreases significantly, a significant increase in credit risk arises and lifetime ECLs should be recognised.

Where no significant increase in credit risk since initial recognition has been identified, the Group groups the loan receivables on the basis of shared credit risk characteristics and measurements impairment at 12m ECLs. The measurement of 12m ECLs involves significant judgement in (i) the selection of appropriate models and key inputs used in the ECLs model, including the probability of default and loss given default; and (ii) the selection and use of reasonable and supportable forward-looking information without undue cost or effort in the ECLs model.

The information about the ECLs on the Group's loan and interest receivables and related credit risk is disclosed in notes 17 and 36 to the consolidated financial statements, respectively.

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of interests in associates

The Group assesses whether there are any indicators of impairment for interests in associates at the end of each reporting period. Interests in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is estimated by the Directors with reference to the net assets value of associates. The related financial information is disclosed in note 15 to the consolidated financial statements.

Impairment of property, plant and equipment

Determining whether property, plant and equipment, are impaired requires an estimation of the value in use of the cash-generating units to which the property plant and equipment, have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Fair value of the financial assets designated at FVTOCI

The fair value of financial assets designated at FVTOCI that are not traded in active markets are determined by using valuation techniques (i.e. asset approach) with reference to the net assets value of the underlying unlisted equity investment. Where valuation techniques are used to determine fair values, they are periodically reviewed. To the extent practical, models use only observable data, however, areas such as adjustment for lack of marketability and control premium require management to make estimation. Changes in assumptions about these factors could affect the FVTOCI.

4. OPERATING SEGMENT INFORMATION

The principal activities of the Group consisted of (i) trading of aluminium products; (ii) supply of aluminium products in construction projects and provision of construction and engineering services; and (iii) money lending.

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) trading of aluminium products segment — sales of aluminium products;

(b) construction projects segment — supply of aluminum products in construction projects and the provision of construction and engineering services; and

(c) money lending segment — provision of loan financing.

The Group's chairman, who is the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, dividend income from equity investments at fair value through profit or loss, fair value gains/(loss) on equity investments at fair value through profit or loss, gain on disposal of property, plant and equipment, gain on disposal of subsidiaries, other interest income, impairment of associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged bank deposits, equity investment at fair value through profit or loss, equity investment at fair value through other comprehensive income, deferred tax assets, interests in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2022	Trading of aluminium products HK$'000	Construction projects HK$'000	Money lending HK$'000	Total HK$'000
Segment revenue:				
Construction projects	–	173,865	–	173,865
Loans interest income	–	–	3,787	3,787
Sales to external customers	–	173,865	3,787	177,652
Segment results	(288)	(3,505)	(10,220)	(14,013)
Interest income				512
Corporate and other unallocated income				1,599
Corporate and other unallocated expenses				(20,073)
Loss before tax				(31,975)
Segment assets	1	246,332	58,878	305,211
Corporate and other unallocated assets				140,296
Total assets				445,507
Segment liabilities	–	141,802	452	142,254
Corporate and other unallocated liabilities				5,480
Total liabilities				147,734
Other segment information:				
Depreciation of property, plant and equipment	–	604	6	610
Depreciation of right-of-use assets	–	205	261	466
Additions to non-current assets other than financial instruments and deferred tax assets	–	30	–	30

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2021	Trading of aluminium products HK$'000	Construction projects HK$'000	Money lending HK$'000	Total HK$'000
Segment revenue:				
Construction projects	–	94,325	–	94,325
Loans interest income	–	–	6,207	6,207
Sales to external customers	–	94,325	6,207	100,532
Segment results	772	6,080	(8,845)	(1,993)
Interest income				537
Corporate and other unallocated income				2,617
Corporate and other unallocated expenses				(11,816)
Loss before tax				(10,655)
Segment assets	1	194,375	84,936	279,312
Corporate and other unallocated assets				174,634
Total assets				453,946
Segment liabilities	42	109,984	898	110,924
Corporate and other unallocated liabilities				10,306
Total liabilities				121,230
Other segment information:				
Depreciation of property, plant and equipment	–	1,155	31	1,186
Depreciation of right-of-use assets	–	205	267	472
Amortisation of intangible assets	–	60	–	60
Additions to non-current assets other than financial instruments and deferred tax assets	–	453	496	949

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2022 HK$'000	2021 HK$'000
Hong Kong	**3,787**	6,207
Macau	**173,865**	94,325
	177,652	100,532

The classification of the revenue arising from the construction projects segment is based on the location of the construction projects.

The classification of the revenue arising from money lending segment is based on the location where the funds is first available to their borrowers.

(b) Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong	**32,687**	44,177
Macau	**36,839**	26,191
PRC	**271**	534
	69,797	70,902

The classification of non-current assets is based on the location of the assets (excluding goodwill and deferred tax assets).

Information about major customers

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

	2022 HK$'000	2021 HK$'000
Customer A*	**N/A**	28,708
Customer B*	**173,110**	65,617

* Revenue from construction projects segment

N/A: The corresponding customer did not contribute more than 10% of the total revenue of the Group for the year.

5. REVENUE, OTHER INCOME AND GAINS

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

	2022 **HK$'000**	2021 HK$'000
Revenue from contract with customers within the scope of HKFRS 15		
Construction projects	**173,865**	94,325
Revenue from other sources		
Loans interest income	**3,787**	6,207
	177,652	100,532
Other income and gains		
Bank interest income	**512**	537
Dividend income from equity investments at fair value through profit or loss	**1,299**	1,247
Gain on disposal of property, plant and equipment	**–**	4,369
Gain on strike off of a subsidiary	**726**	–
Write-back of other payables	**300**	992
Reimbursement from sub-contractor	**–**	2,878
Government subsidies *(Note)*	**194**	719
Others	**–**	2
	3,031	10,744
Total revenue, other income and gains	**180,683**	111,276

Note: Government subsidies are cash subsidies granted by the Government of the Macau Special Administrative Region amounting to MOP200,000 (equivalent to approximately HK$194,000) to support the Group's business in Macau under Covid-19 epidemic. During the year ended 31 March 2021, government subsidies represented cash subsidies granted by the Government of the Hong Kong Special Administrative Region amounting to approximately HK$719,000 from the Employment Support Scheme which subsidised 50% of the wages paid to each staff, subject to maximum of HK$9,000 for each staff.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

(i) Disaggregated revenue information

	2022 HK$'000	2021 HK$'000
Timing of revenue recognition within the scope of HKFRS 15		
Construction projects transferred over time	**173,865**	94,325

(ii) Performance obligations

Information about the Group's performance obligation are summarised below:

Construction projects

A contract with a customer is classified by the Group as construction projects when the construction projects relate to work on assets under the control of the customer. The performance obligation is satisfied over time using the input method and output method. The contract revenue is recognised progressively over time using output method with reference to the surveyor's certificate either from the customer's in-house surveyor or an independent surveyor appointed by the customer when the outcome of a construction projects can be reasonably measured. The revenue from certain variation orders is recognised progressively over time using input method with reference to the construction cost incurred up to the end of the period as a percentage of estimated total contract cost and to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The following table includes the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing construction contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 1 year (2021: 1 year) for the year ended 31 March 2022.

	2022 HK$'000	2021 HK$'000
Remaining performance obligations expected to be satisfied	**427,912**	609,560

6. LOSS BEFORE TAX

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

	2022 HK$'000	2021 HK$'000
Cost of sales		
— cost of construction	**156,038**	80,061
Auditor's remuneration	**1,070**	1,038
Depreciation of property, plant and equipment	**610**	1,186
Depreciation of right-of-use assets	**466**	472
Amortisation of intangible asset	**–**	60
Impairment of trade receivables	**10,088**	9,260
Impairment of loan and interest receivables	**12,486**	12,704
Impairment/(reversal of impairment) of contract assets	**2,113**	(443)
Impairment of other receivables	**2,888**	336
Impairment of amount due from associates	**4,258**	326
Reversal of impairment of property, plant and equipment	**–**	(484)
Employee benefits expenses (including Directors' remuneration) *(note a)*:		
Wages and salaries	**9,090**	7,172
Pension scheme contributions	**174**	114
	9,264	7,286
Lease payments not included in the measurement of lease liabilities	**10**	40
Bank interest income	**(512)**	(537)
Dividend income from equity investments at fair value through profit or loss	**(1,299)**	(1,247)
Fair value loss on equity investments at fair value through profit or loss	**3,324**	3,564
Write-off of equity investments at fair value through profit or loss	**3,170**	–

Note a:

During the years ended 31 March 2022 and 2021, the Group had no forfeited contributions under retirement benefit plan utilised to reduce future contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK$'000	2021 HK$'000
Interest on bank borrowings, secured	**568**	785
Interest on bank overdrafts	**96**	101
Interest on lease liabilities	**26**	26
	690	912

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 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:

	2022 HK$'000	2021 HK$'000
Fees	**540**	540
Other emoluments:		
Salaries, allowances and benefits in kind	**2,394**	1,560
Pension scheme contributions	**53**	54
	2,447	1,614
	2,987	2,154

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022				
Executive directors				
Mr. Tung Yee Shing *(note a)*	**–**	**400**	**8**	**408**
Mr. Lam Chun Bun *(note b)*	**–**	**480**	**–**	**480**
Mr. Zhong Can	**–**	**540**	**18**	**558**
Mr. Kwong Kin Fai, Eric	**–**	**520**	**18**	**538**
Mr. Fung Kwok Kit *(note c)*	**–**	**454**	**9**	**463**
	–	**2,394**	**53**	**2,447**
Independent non-executive directors				
Mr. Kwok Lap Fung, Beeson	**120**	**–**	**–**	**120**
Mr. Li Kam Chung	**120**	**–**	**–**	**120**
Mr. Wong Wing Cheung	**300**	**–**	**–**	**300**
	540	**–**	**–**	**540**
	540	**2,394**	**53**	**2,987**
2021				
Executive directors				
Mr. Fung Kwok Kit *(note c)*	–	520	18	538
Mr. Zhong Can	–	520	18	538
Mr. Kwong Kin Fai, Eric	–	520	18	538
	–	1,560	54	1,614
Independent non-executive directors				
Mr. Kwok Lap Fung, Beeson	120	–	–	120
Mr. Li Kam Chung	120	–	–	120
Mr. Wong Wing Cheung	300	–	–	300
	540	–	–	540
	540	1,560	54	2,154

Notes:

(a) Appointed on 16 November 2021
(b) Appointed on 1 April 2021
(c) Deceased on 26 September 2021

There was no arrangement under which the Director(s) waived or agreed to waive any remuneration during the year (2021: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

During the year, no emolument has been paid to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2021: Nil).

The number of Directors and chief executive, whose remuneration fell within the following bands is as follows:

	Number of Directors	
	2022	2021
Nil to HK$1,000,000	**8**	6

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2021: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2021: three) non-directors, highest paid employees for the year are as follows:

	2022	2021
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,188**	2,080
Pension scheme contributions	**54**	45
	2,242	2,125

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to HK$1,000,000	**3**	3

10. INCOME TAX CREDIT

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5% during the years ended 31 March 2021 and 2022. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Enterprise Income Tax Law of the PRC, the Enterprise Income Tax ("**EIT**") will be taxed at 25% during the years ended 31 March 2021 and 2022 and where small-scale enterprises with low profitability meet certain conditions, the EIT rate will be reduced to 20%. No EIT has been provided as the Group did not generate any assessable profits arising in the PRC during the years ended 31 March 2021 and 2022.

Macau profits tax is calculated at 12% on the estimated assessable profits over MOP600,000 arising from Macau during the years ended 31 March 2021 and 2022. Assessable profits below MOP600,000 is exempted for profits tax assessment.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2022 **HK$'000**	2021 HK$'000
Current tax — Hong Kong		
Charge for the year	**–**	357
Over-provision in previous year	**(9)**	–
Current tax — Macau		
Charge for the year	**1,000**	1,935
	991	2,292
Deferred tax *(note 27)*		
Credit for the year	**(1,907)**	(2,096)
Under-provision in previous year	**–**	(916)
	(1,907)	(3,012)
Total tax credit for the year	**(916)**	(720)

10. INCOME TAX CREDIT *(Continued)*

The income tax credit for the years ended 31 March 2022 and 2021 can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Loss before tax	**(31,975)**	(10,655)
Tax at the statutory tax rates	**(5,677)**	(2,601)
Income not taxable for tax	**(489)**	(664)
Expenses not deductible for tax	**4,302**	2,756
Under-provision of deferred tax in previous year	**–**	(916)
Tax losses not recognised	**957**	701
Temporary differences in respect of depreciable assets not recognised	**–**	4
Over-provision of Hong Kong profits tax in previous year	**(9)**	–
Tax credit for the year	**(916)**	(720)

The Group had deferred tax assets not recognised in respect of tax losses and decelerated depreciation available for offsetting future assessable profits and accelerated depreciation calculated at the rate applicable to the places where the companies operate as follows:

	2022 HK$'000	2021 HK$'000
Tax losses*	**40,406**	34,604
Decelerated depreciation	**127**	127
	40,533	34,731

* The unutilised tax losses accumulated in Hong Kong of approximately HK$40,406,000 (2021: HK$34,604,000) can be carried forward indefinitely.

There were no distributable profits of the Company's subsidiaries in the PRC as at 31 March 2022 and 2021 and accordingly, there were no temporary differences relating to the undistributable profits in respect of withholding tax.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic loss per share are based on:

	2022 HK$'000	2021 HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(24,910)**	(5,351)

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**1,980,000,000**	1,980,000,000

The calculation of diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the basic loss per share calculation, as adjusted for the outstanding share options assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No diluted earnings per share is presented for the year ended 31 March 2022 and 31 March 2021 as there are no potential dilutive ordinary shares outstanding as at 31 March 2022 and 31 March 2021.

12. DIVIDENDS

The Directors did not recommend the payment of any dividend for the years ended 31 March 2022 and 2021.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machineries HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2022						
At 1 April 2021:						
Cost	13,506	3,172	–	117	291	17,086
Accumulated depreciation	(207)	(458)	–	(66)	(111)	(842)
Accumulated impairment	(1,437)	–	–	–	–	(1,437)
Net carrying amount	11,862	2,714	–	51	180	14,807
At 1 April 2021, net of accumulated depreciation	11,862	2,714	–	51	180	14,807
Additions	–	–	–	30	–	30
Depreciation provided during the year *(note 6)*	(216)	(302)	–	(34)	(58)	(610)
At 31 March 2022, net of accumulated depreciation	11,646	2,412	–	47	122	14,227
At 31 March 2022:						
Cost	13,506	3,172	–	147	291	17,116
Accumulated depreciation	(423)	(760)	–	(100)	(169)	(1,452)
Accumulated impairment	(1,437)	–	–	–	–	(1,437)
Net carrying amount	11,646	2,412	–	47	122	14,227

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machineries HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2021						
At 1 April 2020:						
Cost	13,506	3,172	11,337	68	291	28,374
Accumulated depreciation	–	(130)	(7,779)	(38)	(53)	(8,000)
Accumulated impairment	(1,921)	–	–	–	–	(1,921)
Net carrying amount	11,585	3,042	3,558	30	238	18,453
At 1 April 2020, net of accumulated depreciation	11,585	3,042	3,558	30	238	18,453
Additions	–	–	–	49	–	49
Reversal of impairment provided during the year	484	–	–	–	–	484
Disposal	–	–	(2,993)	–	–	(2,993)
Depreciation provided during the year *(note 6)*	(207)	(328)	(565)	(28)	(58)	(1,186)
At 31 March 2021, net of accumulated depreciation	11,862	2,714	–	51	180	14,807
At 31 March 2021:						
Cost	13,506	3,172	–	117	291	17,086
Accumulated depreciation	(207)	(458)	–	(66)	(111)	(842)
Accumulated impairment	(1,437)	–	–	–	–	(1,437)
Net carrying amount	11,862	2,714	–	51	180	14,807

The buildings represented an office premise and a car park (collectively, the "**Macau Properties**") located in Macau.

During the year ended 31 March 2021, the recoverable amount of the Macau Properties has been assessed by Graval Consulting Limited, an independent valuer, based on the comparison approach. Pursuant to the valuation report dated 29 June 2021, the recoverable amount of the Macau Properties was approximately MOP12,454,000 (equivalent to HK$12,080,000), and accordingly, a reversal of impairment loss of property, plant and equipment of HK$484,000 was provided during the year.

During the year ended 31 March 2022, the recoverable amount of the Macau Properties has been assessed by Graval Consulting Limited, an independent valuer, based on the same approach adopted for the year ended 31 March 2021. Pursuant to the valuation report dated 29 June 2022, the recoverable amount of the Macau Properties was approximately MOP11,907,000 (equivalent to approximately HK$11,550,000).

The Macau Properties and the Group's time deposit of MOP10,100,000 (equivalent to approximately HK$9,797,000) (2021: MOP10,050,000 (equivalent to approximately HK$9,749,000)) (note 22) were pledged to a bank for issuing of a bank guarantee letter to one of its main-contractors whereby the main contractor may advance payment to the Group in the amount equivalent to 7% of the contract sum, MOP 50,230,000 (equivalent to approximately HK$48,723,000). As at 31 March 2022, construction payment of MOP32,352,000 (equivalent to approximately HK$31,382,000 (2021: MOP48,271,000 (equivalent to approximately HK$46,823,000)) have been advanced to the Group by the main contractor.

14. LEASES

The Group as a lessee

The Group has lease contracts for office premises, plant and machineries used in its operations. The leases generally require the Group to pay for security deposits and have lease terms from one to four years with fixed monthly rentals. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements for the leasing of office premises, plant and machineries during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Carrying amount at 1 April	**712**	284
Modification	**–**	900
Depreciation charge *(note 6)*	**(466)**	(472)
Carrying amount at 31 March	**246**	712

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Carrying amount at 1 April	**721**	291
Modification	**–**	900
Accretion of interest recognised during the year *(note 7)*	**26**	26
Payments	**(491)**	(496)
Carrying amount as 31 March	**256**	721
Analysed into:		
Current portion	**250**	479
Non-current portion	**6**	242
	256	721

The maturity analysis of lease liabilities is disclosed in note 36 to the consolidated financial statements.

14. LEASES *(Continued)*

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

	Note	**2022 HK$'000**	2021 HK$'000
Interest on lease liabilities	7	**26**	26
Depreciation charge of right-of-use assets	6	**466**	472
Expense relating to short-term leases and other leases with remaining lease terms less than 12 months	6	**10**	40
Total amount recognised in profit or loss		**502**	538

15. INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Unlisted shares, at cost	**181**	181
Share of net assets	**–**	–
Less: Impairment	**(181)**	(181)
	–	–
Due from associates	**19,819**	19,819
Less: Impairment	**(8,070)**	(3,812)
	11,749	16,007
Total interests in associates	**11,749**	16,007

The movement in the loss allowance for the amount due from associates during the reporting period are as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	**3,812**	3,486
Impairment for the year	**4,258**	326
At 31 March	**8,070**	3,812

15. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
I Fun International (Holdings) Limited	Ordinary shares	British Virgin Islands	46.5%	Investment holding
I Fun (HK) Limited ("**I Fun (HK)**")	Ordinary shares	Hong Kong	46.5%	Investment holding
Glory Bright Capital Investment Limited	Ordinary shares	Hong Kong	46.5%	Property investment
Nice Profit Capital Investment Limited	Ordinary shares	Hong Kong	46.5%	Property investment

These associates were acquired on 24 March 2017 at a consideration of approximately HK$181,000. Pursuant to the shareholder agreement, the Group shall provide a shareholder's loan of HK$20,000,000 to the associates as their working capital. As at 31 March 2021 and 2022, the shareholder's loan in the amount of approximately HK$19,819,000 has been provided by the Group, which is unsecured, interest-free and has no fixed terms of repayment.

The following table illustrates the summarised financial information in respect of I Fun International (Holdings) Limited and its subsidiaries (collectively, the "**I Fun Group**") adjusted for any differences in accounting policies and reconciled to the carrying amount in the unaudited consolidated financial statements:

	2022 HK$'000	2021 HK$'000
Non-current assets	**20,391**	21,553
Current assets	**14,361**	15,195
Current liabilities	**(212)**	(181)
Non-current liabilities	**(42,610)**	(42,610)
Net liabilities	**(8,070)**	(6,043)
The Group's interest in the associates		
Proportion of the Group's ownership	**46.5%**	46.5%
The Group's share of net liabilities of the associates	**(3,752)**	(2,810)
Revenue	**360**	–
Loss for the year	**(2,026)**	(2,557)
Other comprehensive income	**–**	–

For the year ended 31 March 2022, the associates incurred a loss for the year of approximately HK$2,026,000 (2021: HK$2,557,000) and nil other comprehensive income (2021: nil). Since the Group only shared of the losses of the associates up to its investment cost which has been fully impaired in prior year, no loss for the year was shared by the Group during the years ended 31 March 2022 and 2021.

16. TRADE RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Trade receivables	**34,531**	25,253
Less: Impairment	**(20,118)**	(10,030)
Net carrying amounts	**14,413**	15,223

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing. Included in the trade receivables of gross amount of HK$20,098,000 with impairment of HK$20,098,000 (2021: gross amount of HK$20,098,000 with impairment of HK$10,024,000) were the outstanding balance with Fortune Engineering & Consultants Limited ("**Fortune**"), the non-controlling shareholder of an indirect subsidiary of the Company.

The Group normally did not grant any credit period to its customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice and net of loss allowance, is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 1 month	**5,540**	2,355
1 to 2 months	**7,885**	2,136
2 to 3 months	**–**	658
3 to 6 months	**507**	–
6 to 12 months	**481**	–
Over 1 year	**–**	10,074
	14,413	15,223

The movement in the loss allowance for the impairment of trade receivables during the reporting period are as follows:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**10,030**	4,550
Written off *(note)*	**–**	(3,780)
Impairment for the year	**10,088**	9,260
At 31 March	**20,118**	10,030

Note:

During the year ended 31 March 2021, in view of prolonged outstanding and lost contact with the debtor, the management considered that no reasonable expectation of recovering the trade receivables and an amount of approximately HK$3,780,000 has been written off.

16. TRADE RECEIVABLES *(Continued)*

Impairment under HKFRS 9

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2022

				Past due				
	Within 1 month	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.127%**	**0.127%**	**0.127%**	**1.191%**	**1.840%**	**50%**	**100%**	
Gross carrying amount (HK$'000)	**5,542**	**7,888**	**–**	**513**	**490**	**–**	**20,098**	**34,531**
Expected credit loss (HK$'000)	**(2)**	**(3)**	**–**	**(6)**	**(9)**	**–**	**(20,098)**	**(20,118)**
	5,540	**7,885**	**–**	**507**	**481**	**–**	**–**	**14,413**

As at 31 March 2021

				Past due				
	Within 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.163%	0.163%	0.163%	1.487%	2.936%	50%	100%	
Gross carrying amount (HK$'000)	2,358	2,138	659	–	–	20,098	–	25,253
Expected credit loss (HK$'000)	(3)	(2)	(1)	–	–	(10,024)	–	(10,030)
	2,355	2,136	658	–	–	10,074	–	15,223

17. LOAN AND INTEREST RECEIVABLES

The loan receivables represented outstanding loans arose from the money lending business during the year.

Loan receivables bear interest at fixed rates in the range from 1% to 7% (2021: 4% to 16%) per annum, and with credit periods mutually agreed between the contracting parties. Most of loan receivables are secured by the pledge of debtors' assets. Overdue balances are reviewed regularly and handled closely by senior management.

	2022 HK$'000	2021 HK$'000
Loan receivables	**97,900**	112,150
Interest receivables	**10,509**	10,486
	108,409	122,636
Less: Impairment	**(49,716)**	(38,159)
Net carrying amounts	**58,693**	84,477
Less: Current portion of loan and interest receivables	**(37,864)**	(57,438)
Non-current portion of loan and interest receivables	**20,829**	27,039

Note:

Included in loan and interest receivables were:

(i) Loan receivable and Interest receivable of HK$23,062,000 (2021: HK$23,062,000) (the "**Loan A**") due from a borrower ("**Borrower A**"), an independent third party, which was secured by 20% equity interest in a secondary school in the PRC (the "**Underlying Securities**") and was repayable on or before 5 November 2016. Upon maturity, the repayment of Loan A was defaulted. Subsequently, the Group commenced a legal proceeding against Borrower A on 5 April 2018. Further to a judgement (the "**Judgement**") issued by 福建省泉州市中級人民法院 (the "**District Court**") in July 2018, the District Court has made an order that Borrower A is required to perform his duty to repay the Loan A immediately and certain of his properties and properties owned by his spouse were frozen (the "**Frozen Properties**") since then. Borrower A filed an appeal against the Judgement but the appeal had been dismissed by 福建省泉州市高級人民法院 in October 2018. In addition, a deed of guarantee was obtained from an independent third party ("**Guarantor A**") for the recoverability of Loan A.

Based on the valuation of the Underlying Securities, the assessment of the recoverable amount of the Frozen Properties and a deed of guarantee obtained from Guarantor A, the Directors were of the opinion that the expected credit loss on Loan A amounting to approximately HK$19,993,000 (2021: HK$8,072,000) was provided as at 31 March 2022.

17. LOAN AND INTEREST RECEIVABLES *(Continued)*

The loan and interest receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2022 HK$'000	2021 HK$'000
Loan and interest receivables with maturity date:		
Past due	**3,074**	19,899
Within 3 months	**–**	–
3 months to 1 year	**34,790**	37,539
More than 1 year	**20,829**	27,039
	58,693	84,477
Less: Current portion of loan and interest receivables	**(37,864)**	(57,438)
Non-current portion of loan and interest receivables	**20,829**	27,039

Movements on the Group's impairment of loan and interest receivables are as follows:

	Year ended 31 March 2022			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
As at 1 April 2021	1,651	8,967	27,541	38,159
New loans originated	337	–	–	337
Loans recovered or repaid during the year	–	–	(1,011)	(1,011)
Written off *(note)*	(910)	–	(19)	(929)
Transfer	(943)	943	–	–
Changes during the year	202	(3,163)	16,121	13,160
As at 31 March 2022	337	6,747	42,632	49,716

Note:

In view of prolonged outstanding and lost contact with the borrowers, the management considers that there is no reasonable expectation of recovering the receivables and an amount of approximately HK$929,000 has been written off during the year.

17. LOAN AND INTEREST RECEIVABLES *(Continued)*

	Year ended 31 March 2021			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	35	20,808	4,612	25,455
New loans originated	943	–	–	943
Loans recovered or repaid during the year	(1)	(1,660)	–	(1,661)
Transfer	(1)	(14,000)	14,001	–
Changes during the year	675	3,819	8,928	13,422
As at 31 March 2021	1,651	8,967	27,541	38,159

In general, loan receivables are considered as default when the loan and interest receivables are overdue by over 90 days.

18. CONTRACT ASSETS

	2022 HK$'000	2021 HK$'000
Contract assets arising from construction contracts	**41,034**	43,610
Less: Impairment of contract assets	**(4,827)**	(2,714)
	36,207	40,896
Less: Contract assets classified as non-current portion	**(22,746)**	(12,337)
Contract assets classified as current portion	**13,461**	28,559

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the end of the reporting period, amounting to HK$12,228,000 (2021: HK$28,559,000). Included in the contract assets of HK$nil (2021: HK$2,596,000) were outstanding balance with Fortune.

Retention receivables of approximately HK$23,979,000 (2021: HK$12,337,000) are included in contract assets until the end of the retention period as the Group's entitlement to the final payment is conditional on the Group's work satisfactorily passing inspection.

18. CONTRACT ASSETS *(Continued)*

The expected timing of recovery or settlement for contract assets, net of loss allowance as at 31 March 2021 and 2022 are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**13,461**	28,559
More than one year	**22,746**	12,337
	36,207	40,896

The movement in the loss allowance for the impairment of contract assets during the reporting period are as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	**2,714**	3,157
Impairment loss/(reversal of impairment) for the year	**2,113**	(443)
At 31 March	**4,827**	2,714

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Prepayments	**26,824**	22,601
Trade deposits	**31,916**	1,556
Utility and other deposits	**6,261**	6,403
Advances to subcontractors	**102,057**	76,685
Other receivables *(note b)*	**11,120**	12,642
Due from securities brokers	**4,533**	–
Proceeds from disposal of property, plant and equipment	**7,362**	7,362
Due from a director of subsidiary *(note a)*	**1,075**	1,094
	191,148	128,343
Less: Impairment	**(5,052)**	(4,742)
	186,096	123,601

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

The movement in the loss allowance for the impairment during the reporting period are as follows:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**4,742**	19,406
Impairment loss for the year	**2,888**	336
Write-off *(note c)*	**(2,578)**	(15,000)
At 31 March	**5,052**	4,742

Notes:

(a) The amount due from a director of a subsidiary of the Company of approximately HK$1,075,000 (2021: HK$1,094,000) is unsecured, interest-free and has no fixed terms of repayment.

(b) The balance included a loan to a subcontractor of approximately HK$9,587,000 (2021: HK$9,168,000). The loan is unsecured, interest-bearing at 0.4% per month and repayable on 15 May 2022.

(c) In view of prolonged outstanding and lost contact with the debtor, the management considered that no reasonable expectation of recovering the other receivables and an amount of approximately HK$2,578,000 (2021: HK$15,000,000) has been written off during the year.

20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 **HK$'000**	2021 HK$'000
Listed equity investments, at market value	**8,624**	15,118

The fair values of the listed equity investments were determined based on the quoted market prices. The above equity investments as at 31 March 2022 represented equity investments in a listed company (2021: two listed companies), which were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. During the year ended 31 March 2021, one of the listed equity investments was suspended for trading on the main board of the Stock Exchange since 2 July 2020. On 31 January 2022, the listing of the suspended shares was cancelled. The management of the Group determined that recoverability of the suspended investment is remote, as a result HK$3,170,000 has been written off during the year ended 31 March 2022.

21. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 **HK$'000**	2021 HK$'000
Unlisted equity investment, at market value	**16,200**	19,400

The above unlisted equity investment represented 10% equity interest in an unlisted company which is principally engaged in property development. The fair value of the above unlisted equity investment is determined by using valuation technique with reference to its net assets value and adjusted for the lack of marketability and control premium, details of which are set out in note 38 to the consolidated financial statements. As at 31 March 2022, a fair value loss of approximately HK$3,200,000 (2021: HK$263,000) was recognised into the consolidated statement of other comprehensive income.

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2022 **HK$'000**	2021 HK$'000
Cash and bank balances	**62,418**	90,217
Time deposits	**28,431**	27,192
	90,849	117,409
Less: Pledged bank deposits with maturity of over three months*	**(28,431)**	(27,192)
Cash and cash equivalents in the consolidated statement of financial position	**62,418**	90,217
Bank overdrafts *(note 26)*	**(1,762)**	(1,375)
Cash and cash equivalents in the consolidated statement of cash flows	**60,656**	88,842

As at the end of the reporting period, cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$201,000 (2021: HK$176,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

* Amount represents (i) bank deposits of approximately HK$5,663,000 (2021: HK$5,635,000) pledged as security for the interest bearing bank borrowings (note 28(c)); (ii) bank deposits of approximately MOP10,100,000 (equivalent to HK$9,797,000) (2021: HK$9,749,000) and the Macau Properties (note 13) pledged as security for a issuing bank guarantee letter to a main constructor of approximately MOP50,230,000 (equivalent to HK$48,723,000); and (iii) bank deposits of approximately MOP13,372,000 (equivalent to HK$12,971,000) (2021: HK$11,808,000) pledged as security for issuing bank guarantee letters to a main constructor of approximately MOP61,335,000 (equivalent to HK$59,495,000) (2021: HK$35,938,000).

23. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
Within 1 month	**9,697**	15,115
1 to 2 months	**–**	1,509
2 to 3 months	**–**	257
Over 3 months	**41**	1,050
	9,738	17,931

Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

24. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Other payables	**418**	1,183
Accruals	**1,655**	1,393
Consideration payable *(note a)*	**6,089**	–
	8,162	2,576

Note:

(a) Consideration payable represents the remaining consideration payable to the vendor in respect of the acquisition of 48.16% equity interest in I Tong during the year ended 31 March 2020, which is transferred from contingent consideration payable (note 31) during the year. As at 31 March 2022, the balance is unsecured, interest-free and repayable on demand.

25. CONTRACT LIABILITIES

The contract liabilities represent the Group's obligations to transfer goods and services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progress of contract works.

Contract liabilities which are expected to be settled within the Group's normal operating cycle, are classified as current.

	2022	2021
	HK$'000	HK$'000
Contract liabilities	**90,443**	46,823

Movements in contract liabilities

	2022	2021
	HK$'000	HK$'000
Balance at 1 April	**46,823**	7,728
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(46,823)**	(7,728)
Increase in contract liabilities as a result of billing in advance of construction activities	**90,443**	46,823
Balance at 31 March	**90,443**	46,823

All of the contract liabilities are expected to be recognised as revenue within one year, according to the contract terms and working progress estimation.

26. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	Maturity	**2022 HK$'000**	2021 HK$'000
Current				
Bank overdrafts — secured *(note a) (note 22)*	Macau prime rate + 1%	On demand	**1,762**	1,375
Bank loan — secured *(note b)*	MIBOR + 3% p.a.	2022	**4,850**	4,850
Bank loan — secured	MIBOR + 3.25% p.a.	2022	**–**	1,940
Bank loan — secured *(note b)*	MIBOR +3.25% p.a.	2026	**7,599**	9,538
Bank loan — secured *(note a)*	MIBOR +3.5% p.a.	2029	**1,795**	2,034
			16,006	19,737
Less: Non-current portion			**(7,214)**	(9,393)
			8,792	10,344
Analysed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand			**8,792**	10,344
In the second year			**2,179**	2,179
In the third to fifth years, inclusive			**4,436**	6,376
Beyond five years			**599**	838
Total borrowings			**16,006**	19,737
Less: Classified as non-current portion			**(7,214)**	(9,393)
			8,792	10,344

Notes:

(a) The bank loan and bank overdrafts are secured by certain properties situated in Macau and personnel guarantee amounting to MOP6,270,000 (equivalent to approximately HK$6,082,000) (2021: HK$6,082,000) provided by a director of a subsidiary and his close family member; and

(b) The bank loans are secured by a property situated in Macau and personnel guarantee amounting to MOP27,500,000 (equivalent to approximately HK$26,675,000) (2021: HK$26,675,000) provided by a director of a subsidiary and his close family member.

27. DEFERRED TAX ASSETS

	Impairment of loan and interest receivables	
	2022	2021
	HK$'000	HK$'000
At 1 April	**6,296**	3,284
Credited to profit or loss *(note 10)*	**1,907**	3,012
At 31 March	**8,203**	6,296

Apart from the above, the Group has unprovided deferred tax assets in respect of tax losses and deductible temporary differences arising in Hong Kong, that is available for offsetting against future taxable profits as detailed in note 10 to the consolidated financial statements.

28. SHARE CAPITAL

	Number of shares	Par value HK$	Share capital HK$'000
Authorised:			
Ordinary shares			
At 1 April 2020, 31 March 2021 and 1April 2021	2,800,000,000	0.01	28,000
Increase on 6 January 2022 *(Note a)*	17,200,000,000	0.01	172,000
At 31 March 2022	20,000,000,000	0.01	200,000
Preference shares			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	850,000,000	0.01	8,500
Issued and fully paid:			
Ordinary shares			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	1,980,000,000	0.01	19,800

Note a:

Pursuant to the special general meeting held on 6 January 2022, it was resolved that the authorised ordinary shares of the Company was increased from HK$28,000,000 divided into 2,800,000,000 ordinary shares of par value of HK$0.01 to HK$200,000,000 divided into 20,000,000,000 ordinary shares of par value of HK$0.01 each by the creation of 17,200,000,000 ordinary shares of par value of HK$0.01 each.

29. SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was newly approved and adopted by the shareholders on 31 August 2015. The Share Option Scheme is valid and effective for a period of 10 years after the date of adoption. The purpose of the Share Option Scheme is to provide incentives to the employee or consultant of the Group including any executive director of any nationality of the Company and any subsidiary (the "**Participants**") to enable the Group to recruit and/or retain high-calibre individuals and attract human resources that are valuable to the Group. Under the Share Option Scheme, the Board may grant options to the Participants to subscribe for shares of the Company. On 2 March 2016, the Group granted 131,299,998 share options (the "**Share Options**") to their Directors and employees for a term of 5 years.

The consideration of HK$1 is payable on the grant date of the Share Options. Share Options may be exercised by the grantees at any time before its expiry. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of the outstanding Share Options during the year ended 31 March 2021 are as follows:

	Date of grant	Exercise period	Outstanding as at 1 April 2020	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2021	Exercise price HK$
Directors							
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	(4,166,666)	–	1.2
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	(4,166,666)	–	1.2
Employees	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	(19,800,000)	–	1.2
			28,133,332	–	(28,133,332)	–	

Note: Except for the above, no Share Options were granted, exercised, lapsed or cancelled during the years ended 31 March 2022 and 2021.

29. SHARE OPTION SCHEME *(Continued)*

Fair value of Share Options

The fair value of the Share Options was calculated by using a binomial option pricing model (the "**Binomial Model**"). Where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over past years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after the vesting date when the share price was one and a half or two and a half times the respective exercise price.

Inputs in the model:

Date of grant	2 March 2016
Grant date share price	HK$1.20
Exercise price	HK$1.20
Expected volatility	100%
Option life	5 years
Risk-free interest rate	1.08%
Fair value per Share Option	HK$0.536

The Binomial Model has been used to estimate the fair value of the Share Options. The variables and assumptions used in computing the fair value of the Share Options are based on director best estimates. The value of the Share Option varies with different variables in certain subjective assumptions.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity on page 36 of the consolidated financial statements.

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value. The application of the share premium account is governed by Bye-Law 140(A) of the Company's Bye-Laws and the Companies Act 1981 of Bermuda (the "**Companies Act**").

(ii) Capital reserve

The capital reserve represented the difference between the proceeds from (i) disposal of 49% equity interest in Fast Excel Limited ("**Fast Excel**") and its proportionate share of the carrying amount of Fast Excel; and (ii) acquisition of additional interest in I Tong (as further defined in note 33 to the consolidated financial statements) and its carrying amount of the non-controlling interest. Such disposal and acquisition were considered as a deemed partial disposal and acquisition which did not result in any loss of control and were accounted for as an equity transaction.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the consolidated financial statements.

30. RESERVES *(Continued)*

(iv) Share options reserve

Share options reserve comprises the portion of grant date fair value of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.

(v) Fair value reserve of financial assets at fair value through other comprehensive income (non-recycling)

The fair value reserve of financial assets at fair value through other comprehensive income (non-recycling) comprises the cumulative net changes in the fair value of equity instruments designated as measured at fair value through other comprehensive income in accordance with the accounting policy adopted for equity instruments designated at fair value through other comprehensive income.

31. CONTINGENT CONSIDERATION PAYABLE

As part of the acquisition of the additional interest in I Tong, the contingent consideration payable is payable depending on the achievement of the profit guarantee. Detail of which has been set out in notes 33 and 34 to the consolidated financial statements for the year ended 31 March 2021. The contingent consideration payable has been transferred to consideration payable (note 24) during the year.

32. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel of the Group:

	2022 **HK$'000**	2021 HK$'000
Short term employee benefits	**3,763**	3,721
Post-employment benefits	**–**	–
Equity-settled share option expenses	**–**	–
Total compensation paid to key management personnel	**3,763**	3,721

Further details of Directors' and the chief executive's emoluments are included in notes 8 and 9 to the consolidated financial statements.

The number of Directors, chief executive and key management personnel of the Group, whose remuneration/compensation fell within the following bands is as follows:

	Number of Directors, chief executive and key management personnel	
	2022	2021
Nil to HK$1,000,000	**10**	8

33. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 March 2021, the Group had non-cash modification to right-of-use assets of HK$900,000.

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Interest-bearing bank borrowings (excluding bank overdrafts) HK$'000	Total HK$'000
At 1 April 2020	291	22,482	22,773
Changes from financing cash flows:			
— Repayment of interest-bearing bank and other borrowings	–	(4,120)	(4,120)
— Interest paid	–	(785)	(785)
— Capital element of lease rentals paid	(470)	–	(470)
— Interest element of lease rentals paid	(26)	–	(26)
	(496)	(4,905)	(5,401)
Modification	900	–	900
Accretion of interest recognised during the year	26	785	811
	926	785	1,711
At 31 March 2021 and 1 April 2021	721	18,362	19,083
Changes from financing cash flows:			
— Repayment of interest-bearing bank and other borrowings	**–**	**(4,118)**	**(4,118)**
— Interest paid	**–**	**(568)**	**(568)**
— Capital element of lease rentals paid	**(465)**	**–**	**(465)**
— Interest element of lease rentals paid	**(26)**	**–**	**(26)**
	(491)	**(4,686)**	**(5,177)**
Accretion of interest recognised during the year	**26**	**568**	**594**
At 31 March 2022	**256**	**14,244**	**14,500**

34. 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:

31 March 2022

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	–	14,413	14,413
Loan and interest receivables	–	–	58,693	58,693
Due from associates	–	–	11,749	11,749
Financial assets included in deposits and other receivables	–	–	57,215	57,215
Equity investments at fair value through profit or loss	8,624	–	–	8,624
Equity investment at fair value through other comprehensive income	–	16,200	–	16,200
Pledged bank deposits	–	–	28,431	28,431
Cash and bank balances	–	–	62,418	62,418
	8,624	16,200	232,919	257,743

31 March 2021

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	–	15,223	15,223
Loan and interest receivables	–	–	84,477	84,477
Due from associates	–	–	16,007	16,007
Financial assets included in deposits and other receivables	–	–	24,315	24,315
Equity investments at fair value through profit or loss	15,118	–	–	15,118
Equity investment at fair value through other comprehensive income	–	19,400	–	19,400
Pledged bank deposits	–	–	27,192	27,192
Cash and bank balances	–	–	90,217	90,217
	15,118	19,400	257,431	291,949

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

31 March 2022

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	HK$'000
Trade payables	–	9,738	9,738
Financial liabilities included in other payables and accruals	–	8,162	8,162
Interest-bearing bank borrowings	–	16,006	16,006
Retention payables	–	19,170	19,170
	–	53,076	53,076

31 March 2021

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	HK$'000
Trade payables	–	17,931	17,931
Financial liabilities included in other payables and accruals	–	2,576	2,576
Interest-bearing bank borrowings	–	19,737	19,737
Contingent consideration payable	6,089	–	6,089
Retention payables	–	24,384	24,384
	6,089	64,628	70,717

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents and pledged bank deposits, financial assets included in deposits, prepayments and other receivables, trade receivables, loan and interest receivables, finance lease receivables and financial liabilities included other payables and accruals, trade payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

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.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Quoted prices in active markets (level 1)		Significant observable inputs (level 2)		Significant unobservable inputs (level 3)		Total	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Equity investments at fair value through profit or loss	**8,624**	11,948	**–**	–	**–**	3,170	**8,624**	15,118
Equity investment at fair value through other comprehensive income	**–**	–	**–**	–	**16,200**	19,400	**16,200**	19,400

Liabilities measured at fair value

	Quoted prices in active markets (level 1)		Significant observable inputs (level 2)		Significant unobservable inputs (level 3)		Total	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Contingent consideration payables	**–**	–	**–**	–	**–**	6,089	**–**	6,089

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Information about Level 3 fair value measurement is as follows:

	Fair value at 31 March 2022 HK$'000	Fair value at 31 March 2021 HK$'000	**Valuation techniques**	**Significant unobservable input**	**Percentage**	**Sensitivity of fair value to changes in unobservable inputs**
Equity investments at fair value through profit or loss — Listed equity securities	–	3,170	Market approach	Discount for lack of marketability, liquidation and absence of financial information	76.65%	Increasing/decreasing discount rate by 5% would have decreased/increased fair value by approximately HK$678,000.
Equity investment at fair value through other comprehensive income — Unlisted equity securities	**16,200**	19,400	Asset approach	Discount for lack of control	16.90% (2021: 13.45%)	Increasing/decreasing control premium by 5% (2021: 5%) would have decrease/increased fair value by approximately HK$987,000 (2021: HK$1,119,000).
Contingent consideration payable	–	6,089	Formula stipulated in the I Tong 2nd S&P Agreement	N/A	N/A	N/A

Level 3 valuations are prepared on annually basis at the end of each reporting period, which is either performed by external expert engaged by the management or by a team in the Finance Division. The assumptions and inputs to the valuation model, the valuation techniques and the valuation results are reviewed and approved by management.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The movements during the year in the consolidated statement of financial position of these Level 3 fair value measurements are as follows:

	Equity investments at fair value through profit or loss — Listed equity securities		Equity investment at fair value through other comprehensive income — Unlisted equity securities		Contingent consideration payable	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the reporting period	**3,170**	–	**19,400**	19,663	**(6,089)**	(6,089)
Transfers into Level 3 *(notes a, b)*	**–**	7,565	**–**	–	**–**	–
Transfer to other payables	**–**	–	**–**	–	**6,089**	–
Total gain and loss:						
Profit or loss	**(3,170)**	(4,395)	**–**	–	**–**	–
Other comprehensive income	**–**	–	**(3,200)**	(263)	**–**	–
At the end of the reporting period	**–**	3,170	**16,200**	19,400	**–**	(6,089)

Notes:

(a) The transfer from Level 1 to Level 3 was due to a lack of observable market data, resulting from the suspension of trading of the listed equity securities since 2 July 2020.

(b) The Group's policy is to recognise transfers into and out of Level 3 as at the beginning of the reporting period in which the transfer occurs.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade payables, other payables and accruals, interest-bearing bank and other borrowings and the Contingent Consideration Payable. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, loan and interest receivables, financial assets included in deposits and other receivables and cash and cash equivalents and pledged bank deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risks of changes in market interest rates primarily to the Group's bank overdrafts and bank loans with a floating interest rate.

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

	Increase/ (decrease) in basis points %	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
2022			
MOP loan	**1**	**160**	**–**
MOP loan	**(1)**	**(160)**	**–**
2021			
MOP loan	1	197	–
MOP loan	(1)	(197)	–

Foreign currency risk

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated in HKD, United States Dollar ("**USD**"), Macau Pataca ("**MOP**") or Renminbi ("**RMB**") during the years ended 31 March 2022 and 2021. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arise.

During the year, the Group's foreign currency risk arising from MOP is not material as the exchange rate of HKD against USD, MOP is quite stable. The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax due to changes in the fair value of monetary assets and liabilities and the Group's equity.

	Increase/ (decrease) in Exchange rate %	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
31 March 2022			
If the Hong Kong weakens against RMB	**(5)**	**(10)**	**–**
If the Hong Kong dollar strengthens against the RMB	**5**	**10**	**–**
31 March 2021			
If the Hong Kong weakens against RMB	(5)	(9)	–
If the Hong Kong dollar strengthens against the RMB	5	9	–

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group's credit risk is primarily attributable to trade receivables, contract assets, loan and interest receivables, deposits and other receivables, amount due from associates, and cash and bank balances and pledged bank deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables.

Trade receivables and contract assets

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 57.4% (2021: 49.9%) and 100% (2021: 100%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively within the construction projects segment.

The information about the ECL for the trade receivables and contract assets as at 31 March 2022 is summarised in notes 16 and 18 to the consolidated financial statements, respectively.

Loan and interest receivables

Management has credit and lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts. As at 31 March 2022, the Group has concentration of credit risk as 21.3% (2021: 19.7%) and 71.0% (2021: 77.8%) of total loan and interest receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending activities.

The information about the ECL for the loan and interest receivables as at 31 March 2022 is summarised in note 17 to the consolidated financial statements.

Amount due from associates

As at 31 March 2022, the outstanding balance of amount due from associates was HK$19,819,000 (2021: HK$19,819,000). The Group considers that the amount due from associates have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on amount due from associates is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the historical actual credit loss experience over the past 3 years (2021: 3 years) and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the year.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Financial assets included in deposits and other receivables

Management has credit risk policies in place for the financial assets included in deposits and other receivables and the exposure to the credit risk is monitored on an ongoing basis. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

The information about the ECL of the financial assets included in deposits and other receivables as at 31 March 2022 is summarised in note 19 to the consolidated financial statements.

Bank balances and pledged bank deposits

The credit risk on bank balances and pledged bank deposits is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

Maximum exposure and year-end staging

The tables below show the credit quality and 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. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial assets.

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	34,531	34,531
Contract assets*	–	–	–	41,034	41,034
Loan and interest receivables	7,447	55,261	45,701	–	108,409
Financial assets included in deposits and other receivables — normal **	62,267	–	–	–	62,267
Amount due from associates	19,819	–	–	–	19,819
Pledged bank deposits	28,431	–	–	–	28,431
Cash and cash equivalents	62,418	–	–	–	62,418
	180,382	55,261	45,701	75,565	356,909

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	25,253	25,253
Contract assets*	–	–	–	43,610	43,610
Loan and interest receivables	39,184	36,012	47,440	–	122,636
Financial assets included in deposits and other receivables — normal **	29,057	–	–	–	29,057
Amount due from associates	19,819	–	–	–	19,819
Pledged bank deposits	27,192	–	–	–	27,192
Cash and cash equivalents	90,217	–	–	–	90,217
	205,469	36,012	47,440	68,863	357,784

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 16 and 18, respectively.

** The credit quality of the financial assets included in deposits and other receivables is considered to be "normal" when they are not past due and there is 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 is considered to be "doubtful".

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans or other interest-bearing loans.

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

31 March 2022

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Total carrying amount HK$'000
Trade payables	**9,738**	**–**	**–**	**–**	**–**	**9,738**	**9,738**
Other payables and accruals	**8,162**	**–**	**–**	**–**	**–**	**8,162**	**8,162**
Retention payables	**–**	**–**	**–**	**19,170**	**–**	**19,170**	**19,170**
Lease liabilities	**–**	**123**	**132**	**6**	**–**	**261**	**256**
Interest-bearing bank borrowings	**6,667**	**638**	**1,881**	**7,141**	**631**	**16,958**	**16,006**
	24,567	**761**	**2,013**	**26,317**	**631**	**54,289**	**53,332**

31 March 2021

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Total carrying amount HK$'000
Trade payables	17,931	–	–	–	–	17,931	17,931
Other payables and accruals	2,576	–	–	–	–	2,576	2,576
Retention payables	–	–	–	24,384	–	24,384	24,384
Lease liabilities	–	123	368	260	–	751	721
Contingent consideration payable	6,089	–	–	–	–	6,089	6,089
Interest-bearing bank borrowings	6,225	1,163	3,427	9,390	901	21,106	19,737
	32,821	1,286	3,795	34,034	901	72,837	71,438

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is 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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debts (cash) divided by the total capital plus net cash. Net cash includes trade payables, other payables and accruals, contract liabilities, retention payables, interest-bearing bank and other borrowings, contingent consideration payables less cash and cash equivalents and pledged bank deposits. Capital includes equity attributable to equity holders of the Company. The gearing ratios as at the end of reporting periods were as follows:

	2022 **HK$'000**	2021 HK$'000
Trade payables	**9,738**	17,931
Other payables and accruals	**8,162**	2,576
Contract liabilities	**90,443**	46,823
Retention payables	**19,170**	24,384
Interest-bearing bank borrowings	**16,006**	19,737
Contingent consideration payables	**–**	6,089
Less: Cash and cash equivalents	**(62,418)**	(90,217)
Pledged bank deposits	**(28,431)**	(27,192)
Net debts	**52,670**	131
Total capital:		
Equity attributable to equity holders	**308,654**	337,448
Capital and net debts	**361,324**	337,579
Gearing ratio	**0.15**	0.00

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Investment in subsidiaries	**137**	6,066
Due from subsidiaries	**263,355**	322,613
Total non-current assets	**263,492**	328,679
CURRENT ASSETS		
Prepayments, deposits and other receivables	**155**	391
Cash and cash equivalents	**2,652**	1,969
Total current assets	**2,807**	2,360
CURRENT LIABILITY		
Other payables	**893**	444
Total current liability	**893**	444
NET CURRENT ASSETS	**1,914**	1,916
TOTAL ASSETS LESS CURRENT LIABILITY	**265,406**	330,595
NON-CURRENT LIABILITY		
Due to subsidiaries	**3,366**	139
Total non-current liability	**3,366**	139
Net assets	**262,040**	330,456
EQUITY		
Share capital	**19,800**	19,800
Reserves *(Note)*	**242,240**	310,656
Total equity	**262,040**	330,456

The Company's statement of financial position was approved by the board of directors on 29 June 2022 and signed on its behalf by:

Tung Yee Shing
Chairman

Kwong Kin Fai, Eric
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

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

	Share premium HK$'000	Share option reserve HK$'000 *(note 30)*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	485,679	15,080	(185,743)	315,016
Loss for the year and total comprehensive loss for the year	–	–	(4,360)	(4,360)
Transfer of share option reserve upon lapsing of share options	–	(15,080)	15,080	–
At 31 March 2021 and 1 April 2021	485,679	–	(175,023)	310,656
Loss for the year and total comprehensive loss for the year	–	–	(68,416)	(68,416)
At 31 March 2022	485,679	–	(243,439)	242,240

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**177,652**	100,532	222,980	96,803	18,583
Cost of sales	**(156,038)**	(80,061)	(187,874)	(81,235)	(7,508)
Gross profit	**21,614**	20,471	35,106	15,568	11,075
Other income and gains	**3,031**	10,744	2,465	504	32,508
Fair value loss on equity investments at fair value through profit or loss	**(3,324)**	(3,564)	(49,659)	(3,701)	–
Impairment of trade receivables	**(10,088)**	(9,260)	–	(8)	(1,280)
Impairment of other receivables	**(2,888)**	(336)	(14,953)	–	(3,348)
(Impairment)/reversal of impairment of contract assets	**(2,113)**	443	(3,145)	(12)	–
Impairment of amount due from associates	**(4,258)**	(326)	(865)	(1,302)	(1,240)
Impairment of loan and interest receivables	**(12,486)**	(12,704)	(19,902)	(1,013)	–
Reversal of impairment/(impairment) of property, plant and equipment	**–**	484	(1,921)	–	–
General and administrative expenses	**(17,603)**	(15,695)	(27,190)	(16,647)	(10,756)
Finance costs	**(690)**	(912)	(1,724)	(1,712)	–
Write off of equity investments at fair value through profit or loss	**(3,170)**	–	–	–	–
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(31,975)**	(10,655)	(81,788)	(8,323)	26,959
Income tax credit/(expense)	**916**	720	152	(2,298)	(1,310)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(31,059)**	(9,935)	(81,636)	(10,621)	25,649
DISCONTINUED OPERATION					
Loss for the year from discontinued operation	**–**	–	–	(1,579)	(23,124)
Gain on disposal of subsidiaries	**–**	–	–	13,702	–
	–	–	–	12,123	(23,124)
(LOSS)/PROFIT FOR THE YEAR	**(31,059)**	(9,935)	(81,636)	1,502	2,525
Attributable to:					
Owners of the Company	**(24,910)**	(5,351)	(79,539)	3,578	2,525
Non-controlling interests	**(6,149)**	(4,584)	(2,097)	(2,076)	–
	(31,059)	(9,935)	(81,636)	1,502	2,525

FIVE YEAR FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
TOTAL ASSETS	**445,507**	453,946	510,416	550,560	506,236
TOTAL LIABILITIES	**(147,734)**	(121,230)	(167,327)	(107,681)	(51,089)
NON-CONTROLLING INTERESTS	**10,881**	4,732	148	1,918	–
	308,654	337,448	343,237	444,797	455,147