Kin Shing Holdings Limited
建成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1630

ANNUAL REPORT
2021

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Chow Dik Cheung (Chief Executive Officer)
Mr. Chan Sik Mau
Mr. Chiu Sin Nang, Kenny (appointed on 22 May 2020)

Independent Non-Executive Directors

Mr. Chang Chun Pong
Mr. Tsui Leung Cho
Mr. Lam Kai Yeung

AUDIT COMMITTEE

Mr. Lam Kai Yeung (Chairman)
Mr. Chang Chun Pong
Mr. Tsui Leung Cho

REMUNERATION COMMITTEE

Mr. Chang Chun Pong (Chairman)
Mr. Leung Chi Kit
Ms. Tso Yuk Ching
Mr. Tsui Leung Cho
Mr. Lam Kai Yeung

NOMINATION COMMITTEE

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Chang Chun Pong
Mr. Tsui Leung Cho
Mr. Lam Kai Yeung

COMPANY SECRETARY

Ms. Tsui Wai Ting, Rosalie

AUTHORISED REPRESENTATIVES

Mr. Leung Chi Kit
Mr. Chow Dik Cheung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit D, 9/F
Billion Plaza 2
10 Cheung Yue Street
Cheung Sha Wan
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISER

TC & Co., Solicitors, Hong Kong

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKER

The Bank of East Asia, Limited
DBS Bank (HK) Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1630

WEBSITE

http://www.kinshingholdings.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kin Shing Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am glad to present the annual report of the Group for the year ended 31 March 2021.

REVIEW

The total revenue of our Group increased by approximately HK$89.3 million or 20.5% from approximately HK$434.6 million for the year ended 31 March 2020 to approximately HK$523.9 million for the year ended 31 March 2021. The increase of the revenue was mainly due to the fact that five sizable formwork projects which were at the peak stage of the construction cycle.

On the other hand, our Group's gross profit decreased by approximately HK$8.3 million or 66.0% from approximately HK$12.6 million for the year ended 31 March 2020 to approximately HK$4.3 million for the year ended 31 March 2021. The decrease in the gross profit was mainly resulted from the increase in the cost of wood materials due to shortage of supply and the additional cost of steel materials as requested by main contractors. Our Group's profit attributable to owners of the Company increased by approximately HK$13.4 million or 124.1% to approximately HK$2.6 million compared to the loss attributable to owners of the Company of approximately HK$10.8 million for the year ended 31 March 2020.

It was a tough and challenging year to the Group for the year ended 31 March 2021, specifically the business environment in Hong Kong has been adversely affected by the outbreak of the novel corona virus ("**COVID-19**"). In order to support Hong Kong companies to overcome the difficulties brought by the COVID-19, the Hong Kong SAR Government has distributed several subsidies to companies in order to secure employee's job during the period. The financial assistance from the Government brought a positive impact to our Group. However, due to the instability of the COVID-19, there is a shortage of supply in certain requisite materials, this has increased the cost of materials and caused delays in certain formworks projects.

PROSPECT

Looking forward, it is foreseeable that the intensified market competition, challenges and uncertainties in the costs of staff, materials and subcontracting fees will continue to plague the formwork works industry. In response to the dynamic business environment and to overcome these unfavorable factors, the Group will continue to diversify the scope in different types of construction projects and the customer base to minimise the market risk. During the year ended 31 March 2021, there were 42 projects which contributed a total revenue of approximately HK$523.9 million whereas there were 46 projects which contributed a total revenue of approximately HK$434.6 million for the corresponding period in 2020.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and staff members for their commitment and contribution, and to all our shareholders, customers, subcontractors, suppliers and business partners for their endless support, and to the growth of the Group.

Leung Chi Kit
Chairman
Hong Kong, 30 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

— Revenue of the Group for the year ended 31 March 2021 amounted to approximately HK$523,949,000 (2020: approximately HK$434,647,000).

— Profit attributable to the equity shareholders of the Company for the year ended 31 March 2021 amounted to approximately HK$2,631,000 (2020: Loss attributable to the equity shareholders of the Company approximately HK$10,831,000).

— Basic earnings per share for the year ended 31 March 2021 amounted to approximately 0.18 HK cents (2020: Basic loss per share approximately 0.72 HK cents).

BUSINESS REVIEW

The Group is principally engaged in the provision of formwork works with an insignificant portion from building construction works (including concrete works and finishes works). Based on the materials used in the formwork works, we categorise our formwork works into (i) traditional timber formwork by using timber and plywood; and (ii) metal formwork system by using aluminium and metals. Since the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited on 16 June 2017 (the "**Listing**"), there has been no significant change in the business operations of the Group.

During the year ended 31 March 2021, formwork works contributed approximately HK$523,909,000, and building construction work contributed approximately HK$40,000 to the Group's revenue (2020: formwork works contributed approximately HK$434,647,000).

The Group predominately engaged in erecting formworks for construction works in private residential and commercial buildings during the year ended 31 March 2021. In recent years, in order to diversify the scope in different kinds of construction projects, the Group had also engaged in formwork works for construction works in public housing. As such, the construction projects undertaken by us include both public-sector projects (including projects where the ultimate employer(s) are Government departments and statutory bodies) and private sector projects (including projects where the ultimate employer(s) are property developer(s) and land owner(s)). During the year ended 31 March 2021, the revenue generated from private sector projects accounted for approximately HK$452,246,000 (2020: approximately HK$331,403,000), representing approximately 86.3% (2020: approximately 76.2%), of the total revenue of the Group, and approximately HK$71,703,000 (2020: approximately HK$103,244,000), representing approximately 13.7% (2020: approximately 23.8%), of the total revenue of the Group were generated from public sector projects undertaken by us.

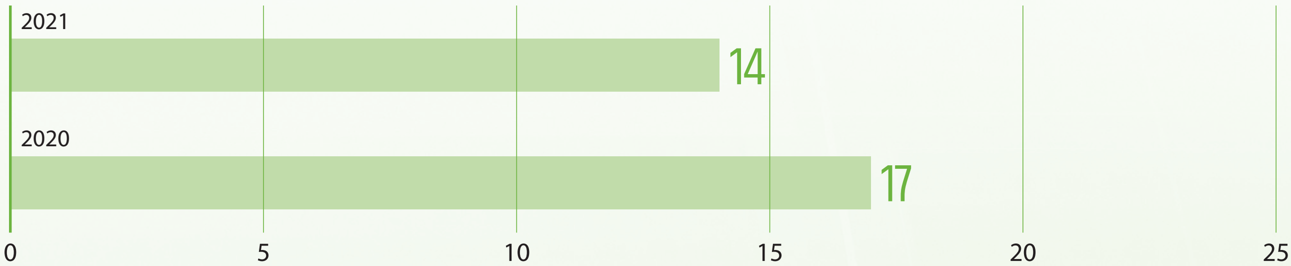
Percentage of formwork works project in public and private sector for the year ended

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

During the year ended 31 March 2021, there were 14 customers who contributed a total revenue of approximately HK$523.9 million, whereas there were 17 customers who contributed a total revenue of approximately HK$434.6 million for the corresponding period in 2020.

Number of customers of revenue contributed for the year ended



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

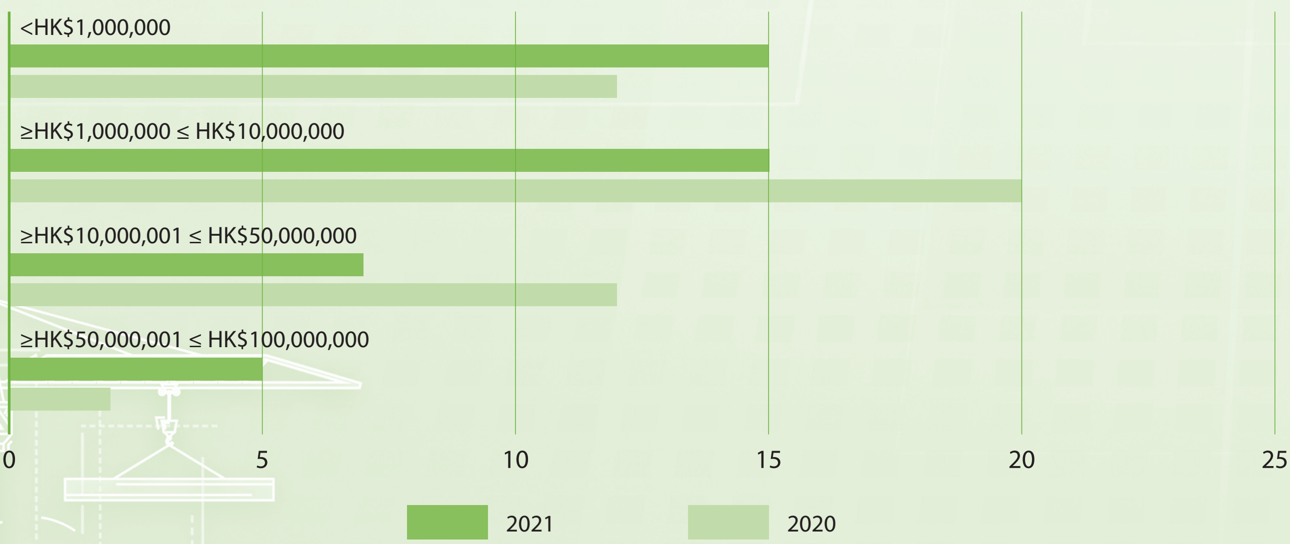
The business of the Group primarily focused in Hong Kong during the year ended 31 March 2021.

During the year ended 31 March 2021, there were 42 projects which contributed revenue of approximately HK$523,949,000, whereas revenue for the corresponding period of 2020 of approximately HK$434,647,000 was contributed by 46 projects. The increase of revenue in 2021 was mainly due to the fact that five sizable formwork projects were at the peak stage of the construction cycle.

Set out below is a breakdown of the Group's projects based on their respective revenue recognised during the year ended 31 March 2021 and 2020.

	2021 No. of projects	2020 No. of projects
Revenue recognised		
HK$50,000,001 to HK$100,000,000	**5**	2
HK$10,000,001 to HK$50,000,000	**7**	12
HK$1,000,000 to HK$10,000,000	**15**	20
Below HK$1,000,000	**15**	12
	42	46

Number of projects which revenue has been recognised for the year end



FINANCIAL REVIEW *(Continued)*

Gross profit and gross profit margin

During the year ended 31 March 2021, the Group's gross profit decreased by approximately HK$8,323,000 or approximately 66.0% from approximately HK$12,606,000 for the year ended 31 March 2020 to approximately HK$4,283,000 for the year ended 31 March 2021.

The Group's gross profit margin decreased from approximately 2.9% for the year ended 31 March 2020 to approximately 0.8% for the year ended 31 March 2021. The decrease in the gross profit margin was mainly resulted from the increase in the cost of wood materials due to shortage of supply, the additional cost of steel materials as requested by main contractors, the additional costs caused by the unexpected changes to the on-site arrangements and the keen competition for new formwork works contracts in the market.

Other income

Other income increased by approximately HK$23,308,000 from approximately HK$449,000 for the year ended 31 March 2020 to approximately HK$23,757,000 for the year ended 31 March 2021, representing an increase of approximately 5,191.1%. Such increase was mainly attributable to the receipt of subsidies from the Employment Support Scheme under the Anti Epidemic Fund set up by the Hong Kong SAR Government.

Other gain

Other gain increased by approximately HK$25,000 from other loss approximately HK$9,000 for the year ended 31 March 2020 to other gain approximately HK$16,000 for the year ended 31 March 2021. Increase in other gain was mainly due to the foreign exchange gain.

Administrative expenses

Administrative expenses decreased from approximately HK$21,532,000 for the year ended 31 March 2020 to approximately HK$21,355,000 for the year ended 31 March 2021, representing a decrease of approximately 0.8%. Such decrease was mainly attributable to the decrease in entertainment expenses.

Finance costs

Finance costs increased from approximately HK$2,730,000 for the year ended 31 March 2020 to approximately HK$2,796,000 for the year ended 31 March 2021, representing an increase of approximately 2.4%. Such increase was mainly attributable to the increase in interest on lease liabilities.

Income tax

Income tax expense increased by approximately HK$2,881,000 from income tax credit of approximately HK$1,392,000 for the year ended 31 March 2020 to income tax expense of approximately HK$1,489,000 for the year ended 31 March 2021. Such increase was mainly due to the decrease in the recognition of deferred tax assets.

Profit attributable to the equity shareholders of the Company

As a result of the foregoing, the profit attributable to the equity shareholders of the Company amounted to approximately HK$2,631,000 for the year ended 31 March 2021 as compared to that loss attributable to the equity shareholders of the Company amounted to approximately HK$10,831,000 for the year ended 31 March 2020. The profit for the year ended 31 March 2021 was mainly attributable to the receipts from the Employment Support Scheme under the Anti Epidemic Fund set up by the Hong Kong SAR Government.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 31 March 2021, the Group had cash and cash equivalents of approximately HK$186,621,000 as compared with that of approximately HK$187,521,000 as at 31 March 2020.

The Group did not have any bank borrowings as at 31 March 2021 and 2020. The gearing ratio is calculated based on the amount of the total debts, which include, amount due to a director, amount due to a related company, amount due to a joint venture and lease liabilities, divided by the total equity. The gearing ratio of the Group as at 31 March 2021 is approximately 86.6% (2020: approximately 88.2%).

Funding and treasury policy

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

Pledge of assets

As at 31 March 2021, the Group did not pledge its assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

New Allied (H.K.) Limited, a joint venture of the Group, was deregistered on 26 March 2021.

Except for the above, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2021.

Capital commitments

As at 31 March 2021, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2021, the Group had no material contingent liabilities.

Foreign exchange risk

The Group mainly operates in Hong Kong and the majority of its operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the year ended 31 March 2021.

CORPORATE FINANCE AND RISK MANAGEMENT *(Continued)*

Principal risk and uncertainty

The Group's operation is subject to general economic and market risks which may affect the competition and profitability of construction projects. The Group's key risk exposures are summarised as follows:

1. The Group derives its revenue mainly from projects which are non-recurrent in nature, and there is no guarantee that the customers will provide us with new business or that we can secure new contracts.

2. The Group determines the contract price based on the estimated time and costs involved in the project. Inaccurate estimation or ineffective cost management may adversely affect the Group's financial results.

3. Any significant increase in construction material costs and/or the occurrence of any substandard construction materials may have adverse impacts on the financial results of the Group.

4. Construction litigation and disputes may adversely affect the Group's performance.

5. The Group's liquidity position may be adversely affected if the progress payment or the retention money is not paid or released to the Group on time or in full or the construction project cash flows are fluctuated.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus dated 31 May 2017 published by the Company.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to sustainable development of the Group. The Group recognises the importance of maintaining good relationships with its employees, business partners, customers, suppliers and sub-contractors to achieve its long-term business growth and development. Accordingly, the Group keeps good communications and shares business updates with them when appropriate.

The Group has provided its major customers formwork works for many years. Main contractors tend to select their subcontractors based on reputation, proven high-quality work and on-time project completion track records. Moreover, maintaining good customer relationships provides more opportunities and higher chances to (i) be invited for and (ii) win tenders. The Group considers that the long-term relationship with some of the major customers reinforces the Group as one of the preferred subcontractors to their projects. In particular, some of the customers with long-term relationship are wholly-owned subsidiaries of public companies listed on the Main Board and are long-established property developers or contractors in Hong Kong. The Directors believe that satisfactory completion of previous works on a timely basis enables us to maintain a continuous business relationship with these customers.

On the other hand, the Group keeps a pre-approved list of suppliers and a list of pre-approved subcontractors. These subcontractors possess the relevant qualifications and/or relevant experience, and certain subcontractors and suppliers have been our subcontractors and suppliers for many years. The Directors believe that the Group's stable relationship with the subcontractors and/or suppliers facilitates (i) a smooth delivery of good quality materials and/or services to the Group; (ii) a favourable bargaining position for purchase of materials with relatively stable price and terms; and (iii) the availability of supplies throughout the entire project period, which is crucial to the Group's day-to-day operations and future business development.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 1,198 employees in Hong Kong (2020: 612 employees). Remuneration packages are reviewed based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. In addition to salary payments and discretionary bonuses, the Group also provides the eligible staff other employment benefits, provident fund and educational subsidies. The total remuneration cost incurred by the Group for the year ended 31 March 2021 was approximately HK$194,334,000 compared to approximately HK$164,543,000 for the year ended 31 March 2020.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 16 June 2017 (the "**Listing**"). The net proceeds (after deducting the underwriting fees, commissions and all related expenses) from the Listing amounted to approximately HK$75.0 million. After the Listing, these net proceeds have been and will be utilised in accordance with the future plans and use of proceeds as set out in the prospectus of the Company dated 31 May 2017.

Details of the utilisation of the net proceeds raised by the Company from the date of Listing up to 31 March 2021 are stated below:

	Planned use of net proceeds HK$ million	Amount utilised up to 31 March 2020 HK$ million	Amount utilised during the year ended 31 March 2021 HK$ million	Amount utilised up to 31 March 2021 HK$ million	Unutilised balance up to 31 March 2021 HK$ million	Expected timeline
Acquire additional machineries and equipment	32.8	24.6	5.6	30.2	2.6	End of 2022
Purchase aluminum formwork systems	21.3	6.7	14.6	21.3	–	
Invest in human resources	9.6	8.4	0.6	9.0	0.6	End of 2022
Additional rental expense for leasing of a warehouse	4.3	3.0	1.3	4.3	–	
General working capital	7.0	7.0	–	7.0	–	
	75.0	49.7	22.1	71.8	3.2	

The unused amount of the net proceeds of approximately HK$3.2 million has been deposited into licensed banks in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards.

During the year ended 31 March 2021, there is no material breach of or non-compliance with applicable laws and regulations by the Group in respect of environmental issues that have significant impact on the business and operations of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2021, the Group was fined for a total sum of HK$26,500 in respect of three summons for violation of certain regulations under the Construction Sites (Safety) Regulations and Factories and Industrial Undertakings (Safety Management) Regulations.

The Directors consider that these violations are independent and isolated incidents. During the year ended 31 March 2020, save as disclosed above or otherwise in this annual report, the Group has complied with all applicable laws and regulations in Hong Kong in all material aspects for the business operation of the Group. During the year ended 31 March 2021, the Group has also obtained all the licenses, permits or certificates which are necessary to conduct its business operation in Hong Kong.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Leung Chi Kit (梁志杰) ("Mr. Leung"), aged 61, is the spouse of Ms. Tso Yuk Ching and is one of the founders of our Group. He is an Executive Director and the Chairman of the Board. Mr. Leung attained his secondary school education in 1973 in the PRC. Mr. Leung has over 33 years of experience in formwork works and related construction works in Hong Kong. Mr. Leung is primarily responsible for formulation of overall business development strategy, overall management and administration and major business decisions of our Group. Prior to establishing our Group in March 1994, Mr. Leung worked in several construction companies in Hong Kong and was responsible for formwork works and related construction works. Leveraging on his experience gained in the industry, he started to venture his own business as a construction contractor in 1981.

Mr. Leung obtained a fellowship award from the Social Enterprise Research Academy in May 2018. He has been appointed as the Vice President of the Hong Kong China Chamber of Commerce since 30 August 2018. On 6 January 2019, Mr. Leung obtained the top ten Outstanding Chinese Business Enterprise Elite Award from Hong Kong China Chamber of Commerce.

Ms. Tso Yuk Ching (曹玉清), aged 61, is the spouse of Mr. Leung Chi Kit. She is an Executive Director of our Company, the sole director of Kin Wo Form Mould Engineering Limited ("**Kin Wo**") and has been the general manager (administration) of Leung Pui Form Mould & Engineering Co. Limited ("**Leung Pui**") since March 2016. Prior to joining the Company, Mrs. Leung has over ten years of experience in business management while she acted as the director in Kin Wo. She has been involved in assisting Mr. Leung in the management of Leung Pui since its incorporation. Starting from June 2009, she contributed further in the management of Leung Pui by advising on its administrative matters. Her duties include overseeing human resources matters, as well as co-ordinating among different departments to ensure sufficiency of office support for the operation of Leung Pui.

Mr. Chow Dik Cheung (周迪將) ("Mr. Chow"), aged 45, is the nephew of Mr. Chow Siu Yu, one of the controlling shareholders of the Company and is an Executive Director and the Chief Executive Officer of our Company. He has over 18 years of experience in the engineering and construction industry. Mr. Chow is responsible for making major operation decisions for the Department of Commerce, Department of Safety and Department of Project Management. Mr. Chow obtained his Bachelor's Degree of Engineering in Mechatronic Engineering from the City University of Hong Kong in November 1999. He obtained a certificate of a Construction Safety Supervisor Course from the Construction Industry Training Authority in October 2001. Mr. Chow obtained his Bachelor's Degree of Engineering in Building Engineering (Construction Engineering and Management) from the City University of Hong Kong in November 2008. He further obtained a Professional Diploma in Occupational Safety & Health from the School of Continuing Education Hong Kong Baptist University in September 2011. Mr. Chow joined our Group in May 2000 as a quantity surveyor.

Mr. Chan Sik Mau (陳錫茂), aged 66, is an Executive Director of our Company. He has over 33 years of experience in formwork works and construction work in Hong Kong. He has been working with Mr. Leung since 1996 and assisted Mr. Leung since the incorporation of our Group. Starting from January 2004, he was employed by Leung Pui as a site agent. Based on his experience and understanding of our Group, he has been assigned to manage several major construction sites and provide advice and execute the business strategy of our Group.

Mr. Chiu Sin Nang, Kenny (趙善能), aged 59, is an Executive Director of our Company. He has over 31 years of experience in accounting. Mr. Chiu has held various senior accounting and finance positions in property investment and development, and information technology development entities. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the CPA Australia. Mr. Chiu received a Master of Accountancy Degree from The Chinese University of Hong Kong in December 2006, a Bachelor of Laws Degree from the Peking University, the People's Republic of China in July 1998, a Master of Commerce in Accounting Degree from The University of New South Wales, Australia in May 1989, a Bachelor of Administrative Studies Degree and a Bachelor of Arts (Economics) Degree from the York University, Canada in June 1986 and June 1985 respectively. He is currently an independent non-executive director of KEYNE LTD (stock code: 00009), Kingston Financial Group Limited (stock code: 1031) and Sincere Watch (Hong Kong) Limited (stock code: 444), which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Chun Pong (張振邦), aged 52, was appointed as an Independent Non-executive Director of our Company on 23 May 2017. Mr. Chang obtained his Bachelor's Degree in Laws from The University of Hong Kong in 1990. He obtained a Postgraduate Certificate in Laws from The University of Hong Kong in 1991. He was admitted as a solicitor of Hong Kong in February 1994. Mr. Chang has over 27 years of experience in legal practice. He was an assistant solicitor of Y.L. Yeung & Co., Solicitors from March 1994 to August 1995. Mr. Chang was a partner of Kong & Chang, Solicitors, from March 2003 to March 2017. He then joined Au Yeung, Lo & Chung as a consultant since March 2017.

Mr. Tsui Leung Cho (徐良佐), aged 93, was appointed as an Independent Non-executive Director of our Company on 23 May 2017. He obtained his Bachelor's Degree of Science in Civil Engineering from the Ling Nam University, the PRC in July 1951. Mr. Tsui obtained a Master's Degree in Advanced Structural Engineering from the University of Southampton, England in March 1973. He obtained a Master's Degree of Engineering in Geological Engineering from the University of Toronto, Canada in March 1983. Mr. Tsui was a member of the Institution of Structural Engineers of England in December 1964, a fellow member of the same Institution in June 1975; a member of the Institution of Engineers Australia in February 1976 and a member of the Association of Professional Engineers of the Province of Ontario, Canada in November 1978, a Registered Structural Engineer in Hong Kong since 1978 and a Professional Engineer in California, United States of America since 1984.

Mr. Tsui has over 53 years of experience in structural engineering. He was a lecturer of the Civil Engineering Department in various universities in the PRC from August 1951 to December 1961; an engineer of Eric Cumine & Partners in Hong Kong from January 1962 to February 1963; a structural engineer of The Building Ordinance Office in Hong Kong from March 1963 to April 1967; a senior structural engineer of The Architectural Office, Public Works Department in Hong Kong from April 1967 to March 1978; a chief engineer of Omen Lee & Associates, Ontario, Canada from August 1978 to August 1980; a senior engineer of Reed Inc., Toronto, Canada from August 1980 to September 1983; a construction manager of Technic Construction Co. in Hong Kong from September 1983 to September 1988. He has been the president and the registered structural engineer of George Tsui & Associates, an associate of T.Y. Lin (H.K.) and an external professor of Wu Han University, the PRC, since September 1993.

Mr. Lam Kai Yeung (林繼陽), aged 51, was appointed as an Independent Non-executive Director of our Company on 23 May 2017. Mr. Lam is a fellow of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants and Certified Dealmaker in China. Mr. Lam obtained a Bachelor's Degree of Accounting from the Xiamen University in July 1990 and a Master's Degree in Business Administration from the Oxford Brookes University in the United Kingdom in July 2010. Mr. Lam is a licensed person for type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("**SFO**").

Mr. Lam is an executive director and the chief executive officer of Hang Pin Living Technology Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1682). Mr. Lam has been an independent non-executive director of Starrise Media Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1616) since June 2012; an independent non-executive director of Holly Futures (a company listed on Main Board of the Stock Exchange, stock code: 3678) since June 2015; an independent non-executive director of Shi Shi Services Limited (a company listed on the GEM of the Stock Exchange, stock code: 8181) since October 2015.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Cheng Wai Man (鄭惠文), aged 48, is the Head of Administration of our Group. She has over 23 years of experience in accounting and secretarial work. Ms. Cheng obtained a certificate in Book-keeping – First Level from the London Chamber of Commerce and Industry Examinations Board in the United Kingdom in 1999. She obtained a General Course Certificate (Commercial Stream) from the Hong Kong Institute of Vocational Education in September 1999. She obtained a Certificate in Book-keeping and Accounts – Second Level from the London Chamber of Commerce and Industry Examinations Board in the United Kingdom in 2000. Ms. Cheng obtained a Certificate in Accountancy from the Hong Kong Institute of Vocational Education in July 2001.

Prior to joining our Group in June 1999, Ms. Cheng was a shipping clerk of Halldonn Company Limited from December 1991 to January 1993. She then worked for Gulog Design Company as an account clerk and computer sided drafting (CAD) draftsman till November 1995. She was a secretary of Accurate Contractors & Renovators Co., Ltd. from March 1996 to July 1998.

Ms. Tsui Wai Ting Rosalie (徐煒婷), aged 31, has been appointed as the Company Secretary of the Company since 20 August 2018. She has over 9 years of experiences in accounting, auditing, taxation, financial management, compliance and company secretarial works. Ms. Tsui obtained her Bachelor's Degree of Accounting from the Hong Kong Baptist University in November 2011. She has been a member of the Hong Kong Institute of Certified Public Accountants since May 2017. Prior to joining our Group, she worked as a senior audit accountant in Lau & Au Yeung C.P.A. from April 2016 to February 2018. She started to assist the financial controller of our Group since March 2018.

Ms. Wong Wing Sze (黃詠詩), aged 42, is the Head of Purchasing of our Group. She has over 18 years of experience in office administration work. Ms. Wong obtained a Certificate in London Chamber of Commerce & Industry Elementary English Book-keeping from the Spare-Time Study Centre of The Hong Kong Federation of Trade Unions Workers' Club in February 2001. She enrolled and attended for a programme in English Communication Skills for the Office in the School of Continuing & Professional Studies offered by the Chinese University of Hong Kong in July 2008. Prior to joining our Group in March 2001, she was a marketing assistant of AV Engineering Company from November 1995 to August 1998. She was a clerk of Team Endurance (HK) Ltd. from March 1999 to June 1999. Ms. Wong was an administration clerk of E&P Holdings Limited from March 2000 to December 2000.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report in the Group's annual report for the year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to protect the interest of its shareholders and to place importance on its corporate governance system so as to formulate the business strategies and policies, and manage the associated risk through effective internal control and risk management procedures. It will also ensure greater transparency, accountability and protection of shareholders' interests.

This report describes the Company's corporate governance practices and structures that were in place during the financial year ended 31 March 2021, with specific reference to the principles and guidelines of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") issued by the Stock Exchange. In developing and reviewing its corporate governance policies and practices, the Company has sought to adopt a balanced approach.

Since 16 June 2017 (the "**Date of Listing**") and up to the date of this annual report, in the opinion of the Directors, the Company has complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions (the "**Securities Dealing Code**") by the Directors and employees who, because of his office or employment in the Group, is likely to possess inside information of the Company.

All the Directors confirmed, upon specific enquiry made, that they have complied with the Model Code and the Securities Dealing Code since the Listing and up to the date of this report. In addition, the Company is not aware of any incident of non-compliance of the Securities Dealing Code by the relevant employees since the Listing and up to the date of this report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and the Shareholders. The Board has established three Board committees (the "**Board Committees**"), being the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**"), to oversee different areas of the Company's affairs. The terms of reference of the Board committees are posted on the Company's website and the website of the Stock Exchange and are available to Shareholders upon request.

Composition

The Board currently comprises five Executive Directors and three Independent Non-executive Directors.

Executive Directors

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Chow Dik Cheung (Chief Executive Officer)
Mr. Chan Sik Mau
Mr. Chiu Sin Nang, Kenny (appointed on 22 May 2020)

Independent Non-executive Directors

Mr. Chang Chun Pong
Mr. Tsui Leung Cho
Mr. Lam Kai Yeung

The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules, from the Date of Listing and up to the date of this report, as there are three Independent Non-executive Directors in the Board and the number of Independent Non-executive Directors constitutes more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgement. The Company has also complied with Rule 3.10(2) of the Listing Rules which stipulates that one of the Independent Non-executive Directors must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Code, the Independent Non-executive Directors are expressly identifies as such in all corporate communications that disclose the name of the Directors.

All the Independent Non-executive Directors namely, Mr. Chang Chun Pong, Mr. Tsui Leung Cho and Mr. Lam Kai Yeung have respectively entered into a service contract with the Company for a term of one year renewable from time to time unless terminated by not less than one month' notice in writing served by either party on the other. The Independent Non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company ("**the Articles**").

Pursuant to Article 108 of the Articles at each following annual general meeting, one-third of the Directors are required to retire from office. Each Director shall retire from office once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election or re-election.

Mr. Leung Chi Kit, Ms. Tso Yuk Ching, Mr. Chow Dik Cheung, Mr. Chan Sik Mau, Mr. Chiu Sin Nang, Kenny, Mr. Chang Chun Pong, Mr. Tsui Leung Cho and Mr. Lam Kai Yeung will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, offer themselves for re-election pursuant to Articles 108 of the Articles. No Director proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

The Company has received from each of its Independent Non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Group considers all Independent Non-executive Directors to be independent under the Listing Rules.

Save that Ms. Tso Yuk Ching is the spouse of Mr. Leung Chi Kit, there are no financial, business, family or other material/relevant relationship among the members of the Board. The biographical details of each of the Directors are out in the section headed "Biographies of the Directors and Senior Management" of this annual report.

Draft minutes of board meetings are circulated to Directors for comments and the signed minutes are kept by the Company Secretary.

In order to safeguard the interest of individual Directors, the Company has also arranged directors' and officers' liability insurance for the Directors of the Company.

BOARD AND GENERAL MEETINGS

The Board meets regularly and, in addition to regular meetings, it meets as and when warranted by particular circumstances. From the Date of Listing to the year ended 31 March 2021, the Directors' attendance of the Board meetings and general meeting is set out as follows:

	Attendance/Number of general meetings during the year ended 31 March 2021	Attendance/Number of board meetings during the year ended 31 March 2021
Executive Directors		
Mr. Leung Chi Kit (Chairman)	**1/1**	3/3
Ms. Tso Yuk Ching	**1/1**	3/3
Mr. Chow Dik Cheung (Chief Executive Officer)	**1/1**	3/3
Mr. Chan Sik Mau	**1/1**	2/3
Mr. Chiu Sin Nang, Kenny	**1/1**	3/3
Independent Non-executive Directors		
Mr. Chang Chun Pong	**1/1**	3/3
Mr. Tsui Leung Cho	**1/1**	3/3
Mr. Lam Kai Yeung	**1/1**	3/3

CORPORATE GOVERNANCE REPORT

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible to the shareholders for leadership and control of the Group and collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control and risk management systems and supervising and managing management's performance.

Regarding the Group's corporate governance, since the Listing and up to the date of this report, the Board has performed the following duties:

— determined and reviewed the policies and practices on corporate governance of the Group and make recommendations;

— reviewed and monitored the training and continuous professional development of Directors and senior management;

— reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements;

— developed, reviewed and monitored the code of conduct applicable to Directors and employees; and

— reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance report.

The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group by the management. In addition, the Board has also delegated various responsibilities to the Board Committees. All the Board Committees perform their distinct roles in accordance with their respective term of reference.

CHAIRMAN AND CHIEF EXECUTIVE

Under code provision A.2.1, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. In compliance with the Code, the Group has appointed a separate Chairman and Chief Executive of the Company since the Listing. In order to ensure that there is clear division of responsibilities between the Chairman of the Board and the Chief Executive of the Company, these two positions are assumed by different individuals, Mr. Leung Chi Kit, the Chairman of the Board, is responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Chow Dik Cheung, the Chief Executive Officer of the Company, with the assistance of other members of the Board and senior management, is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation. The Chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors confirmed that they had complied with code provision A.6.5 of the Code during the year ended 31 March 2021 and up to the date of this annual report, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the year ended 31 March 2021 conducted by the Legal Advisor of the Company and relevant training material has been distributed to all the Directors. All Directors had attended the in-house training. The training covered topics which include, the disclosure obligations in Hong Kong, the requirements of ESG Reporting etc. under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee was established on 23 May 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and it currently comprises three Independent Non-executive Directors namely Mr. Lam Kai Yeung (as Chairman), Mr. Chang Chun Pong and Mr. Tsui Leung Cho.

The terms of reference of the Audit Committee (which have been amended by the Board on 2 January 2019) are available on the Stock Exchange's website and the Company's website.

The primary duties of the Audit Committee include, but not limited to:

— to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

— to review the accounting principles and policies adopted by the Company and discuss with management and the external auditor the financial reporting matters;

— to review the financial statements of the Group before their submission to the Board for approval; and

— to review the effectiveness of the internal control and risk management systems of the Group.

The Audit Committee held a meeting on 30 June 2021 to review, in respect of the year ended 31 March 2021, the annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of the external auditors and relevant scope of works and, continuing connected transactions. There had been no disagreement between the Board and the Audit Committee from the Date of Listing to the date of this annual report. The attendance record of each member of the Audit Committee is set out below:

	Attendance/Number of meetings during the year ended 31 March 2021
Independent Non-executive Directors	
Mr. Chang Chun Pong	2/2
Mr. Tsui Leung Cho	2/2
Mr. Lam Kai Yeung (Chairman)	2/2

REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 May 2017 and it currently comprises three Independent Non-executive Directors namely Mr. Chang Chun Pong (as Chairman) and Mr. Tsui Leung Cho and Mr. Lam Kai Yeung, and two Executive Directors namely Mr. Leung Chi Kit and Ms. Tso Yuk Ching.

The terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website. The principal functions include, but not limited to:

— reviewing and approving the management's remuneration proposals with reference to the Board's goals and objectives; and

— as the Board shall direct, making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

The Remuneration Committee consults the chairman of the Board and an Executive Director about their remuneration proposals for other Executive Directors and senior management.

Details of remuneration packages of the Executive Directors during the year are set out under heading "Directors', Chief Executive's and Employees' Emoluments" in note 13 to the consolidated financial statements.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the CG Code and are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held 3 meetings during the year ended 31 March 2021 to review the remuneration of all Executive Directors and senior management individually. The attendance record of each member of the Remuneration Committee is set out below:

	Attendance/Number of meetings during the year ended 31 March 2021
Executive Directors	
Mr. Leung Chi Kit	3/3
Ms. Tso Yuk Ching	3/3
Independent Non-executive Directors	
Mr. Chang Chun Pong (Chairman)	3/3
Mr. Tsui Leung Cho	3/3
Mr. Lam Kai Yeung	3/3

DIRECTORS' REMUNERATION

Directors' emoluments are determined with reference to Directors' duties, responsibilities and performance and the results of the Group. In addition, the Directors' remuneration is reviewed by the Remuneration Committee of the Company regularly. Details of the Directors' remuneration are set out in note 13 to the consolidated financial statements.

REMUNERATION OF THE SENIOR MANAGEMENT

During the year ended 31 March 2021, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
Below HK$1,000,000	**3**
Above HK$1,000,000	**–**

Further details of the remuneration of the Directors and the 5 highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in note 13 to the consolidated financial statements.

During the year, members of the Remuneration Committee had performed the following duties under the Terms of Reference of the Committee:

- assessed the performance of the Executive Directors and consulted the Chairman of the Board and the Chief Executive Officer about their remuneration proposals for other Executive Directors;
- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- made recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;
- made recommendations to the Board on the remuneration of the Independent Non-executive Directors;
- considered salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and
- ensured that no Director or any of his/her associates is involved in deciding his/her own remuneration.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 23 May 2017 with written terms of reference in compliance with paragraph A.5 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. As at the date of this annual report, the Nomination Committee comprises two Executive Directors, namely Mr. Leung Chi Kit, and Ms. Tso Yuk Ching and three Independent Non-executive Directors, namely Mr. Lam Kai Yeung, Mr. Chang Chun Pong and Mr. Tsui Leung Cho. Mr. Leung Chi Kit is the chairman of the Nomination Committee. The written terms of reference of the Nomination Committee which were amended by the Board on 2 January 2019 are in line with the CG Code and are available on the websites of the Company and the Stock Exchange.

The primary duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the selection of individuals nominated for directorship, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, and assessing the independence of Independent Non-executive Directors.

The Nomination Committee held a meeting on 30 June 2021 to review the independence of the Independent Non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the 2021 annual general meeting, to review the structure, size and composition of the Board and to review and report to the Board the Board Diversity Policy and the Board Nomination Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee will consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. Having reviewed the composition of the Board, details of which are set out under the section headed "Biographies of the Directors and Senior Management" on pages 12 to 14 of this annual report, the Nomination Committee considered that there is an appropriate balance of Board diversity.

The attendance record of each member of the Nomination Committee is set out below:

	Attendance/Number of meetings during the year ended 31 March 2021
Executive Directors	
Mr. Leung Chi Kit (Chairman)	**1/1**
Ms. Tso Yuk Ching	**1/1**
Independent Non-executive Directors	
Mr. Chang Chun Pong	**1/1**
Mr. Tsui Leung Cho	**1/1**
Mr. Lam Kai Yeung	**1/1**

BOARD NOMINATION POLICY

The Company has adopted a Board Nomination Policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) reputation for integrity;

(2) accomplishment and experience in the business in which the Group is engaged in;

(3) commitment in respect of available time and relevant interest;

(4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;

(5) qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(6) the number of existing directorships and other commitments that may demand the attention of the candidate;

(7) requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules;

(8) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(9) such other perspectives appropriate to the Company's business.

Director Nomination Procedure

Subject to the provisions in the Articles of Association of the Company and the Listing Rules, if the Board recognises the need for an additional Director or a member of senior management, the following procedure will be followed:

(1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;

(2) The Nomination Committee and/or the Company Secretary of the Company will then provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(3) The Nomination Committee would then make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;

(4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(5) In the case of the appointment of an Independent Non-executive Director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and

(6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

The Nomination Committee will monitor the implementation of the Board Nomination Policy and report to the Board annually.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board has adopted a Board Diversity Policy. The Company recognises and embraces the benefits of diversity of the Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives including, but not limited to, gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

During the year and as at the date of this annual report, the Board comprises seven Directors, one of whom is female. The following tables further illustrate the diversity of the Board Members as of the date of this annual report:

	Age Group			
Name of Directors	**Below 50**	**50–60**	**61–70**	**Above 70**
Mr. Leung Chi Kit (Chairman)			✔	
Ms. Tso Yuk Ching			✔	
Mr. Chow Dik Cheung (Chief Executive Officer)	✔			
Mr. Chan Sik Mau			✔	
Mr. Chiu Sin Nang, Kenny		✔		
Mr. Chang Chun Pong		✔		
Mr. Tsui Leung Cho				✔
Mr. Lam Kai Yeung		✔		

Name of Directors	Professional Experience Business Management	Industry Experience	Accounting and Finance	Law
Mr. Leung Chi Kit (Chairman)	✔	✔		
Ms. Tso Yuk Ching	✔	✔		
Mr. Chow Dik Cheung (Chief Executive Officer)	✔	✔		
Mr. Chan Sik Mau		✔		
Mr. Chiu Sin Nang, Kenny		✔	✔	
Mr. Chang Chun Pong				✔
Mr. Tsui Leung Cho		✔		
Mr. Lam Kai Yeung			✔	

Measurable Objectives and Selection

The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

Implementation and Monitoring

The Nomination Committee will monitor the implementation of the Board Diversity Policy and report to the Board annually.

DIVIDEND POLICY

The Board adopted a Dividend Policy on 31 December 2018 in order to enhance transparency of the Company and facilitate shareholders and investors to make informed investment decision. The Board is committed to provide stable and sustained dividends to the Shareholders, and the Dividend Policy sets the foundation to determine a prudent and disciplined dividend payment to shareholders while preserving the Company's liquidity to capture future growth opportunities. The Board will determine the level of dividends after considering factors which include (i) group performance, (ii) financial condition, (iii) investment requirements, (iv) future prospects, (v) economic and political conditions of the business environment, and (vi) the statutory and regulatory restrictions on the payment of dividends and other factors as may be considered relevant by the Board. The Board will from time to time review the Dividend Policy as appropriate to ensure its continued effectiveness.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the financial position of the Group. The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the independent auditors' report on pages 51 to 55 of this annual report. The Directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

EXTERNAL AUDITOR'S REMUNERATION

During the year ended 31 March 2021, the Group has engaged HLB Hodgson Impey Cheng Limited, as its external auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. Details of the fees paid or payable to HLB Hodgson Impey Cheng Limited during the year are as follows:

	HK$
Audit services	**740,000**
Non-audit services	**100,000**
	840,000

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining the Group's systems of internal control and risk management and reviewing their effectiveness. The internal control and risk management systems of the Group are designed to provide reasonable assurance to minimize risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations.

The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the Group's strategic objectives. The Group has not established a separate internal audit department; however, procedures are in place to provide adequate resources and qualified personnel to carry out the duties of the internal audit function, including annual review of the effectiveness of risk management and internal control.

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

Dissemination of inside information

The Company has established and maintained procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in the securities of the Company by the Directors in accordance with Appendix 10 of the Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") is Ms. Tsui Wai Ting Rosalie whose biographical details are set out in the section headed "Biographies of the Directors and Senior Management" in this annual report.

Ms. Tsui Wai Ting Rosalie has confirmed that she had attained no less than 15 hours of relevant professional training during the year ended 31 March 2021 as required by Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of Hong Kong Exchanges and Clearing Limited after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the Articles of Association, an extraordinary general meeting shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two calendar months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Unit D, 9/F, Billion Plaza 2, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong
(For the attention of the Board of Directors)
Fax: 852 - 8148 7458
Email: info@leungpui.com.hk

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

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

CONSTITUTIONAL DOCUMENTS

In preparation for the Listing, the Company has adopted an amended and restated Memorandum and Articles of Association ("**Articles**") pursuant to a special resolution passed by the sole Shareholder on 23 May 2017 and the Articles became effective on 16 June 2017. Since then, the Company has not made any changes to its Articles. An up to date version of the Company's Articles is also available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Kin Shing Holdings Limited (the "**Company**" or "**Kin Shing**") and its subsidiaries (collectively the "**Group**", "**we**" or "**our**") are pleased to issue its Environmental, Social and Governance Report (the "**Report**").

The major operating subsidiary of the Group is an established subcontractor in Hong Kong for more than 20 years. It principally provides formwork works, which can be categorised into two types in terms of the materials mainly used — traditional timber formwork using timber, and plywood and metal formwork system using aluminium and metal.

The Group upheld its pledge to provide premium products and services to its customers. At the same time, the Group is fully aware of its responsibility to deliver long-term, sustainable value creation to shareholders and stakeholders.

GOVERNANCE STRUCTURE

To effectively and methodically handle sustainability challenges and manage environmental, social and governance related risk, the Group has assigned pertinent designated personnel ("**Designated Personnel**") to collect the relevant information on its environmental, social and governance ("**ESG**") aspects of the Group for the preparation of the Report. The Designated Personnel are responsible for aiding the Group to examine its operations and identify relevant ESG matters, evaluating the importance of these matters above to our business and to each stakeholder. In addition, reviewing and appraising the performance in different aspects such as environment, health and safety, labour standards, product and service responsibility in the ESG areas. The Board's duty is to monitor and formulate the ESG strategy for the Group and is responsible for ensuring the effectiveness of the Group's risk management and internal controls.

REPORTING PERIOD AND SCOPE

Unless otherwise specified, this Report covers the period from 1 April 2020 to 31 March 2021 (the "**Reporting Period**"), the reporting content in this Report comprises the ESG activities, challenges and measures taken by the Group during the Reporting Period. This Report disclose the Group's policies, compliance issues as well as key performance indicators ("**KPIs**") which are collected and included under the Group's direct operational control companies and subsidiaries.

This Report details the latest performances of the Group in terms of environmental and social responsibilities in the Reporting Period, and its future planning and goals. This Report mainly covers the major business segments of the Group, including formwork works and building construction works. The Group also endeavours to disclose all available KPIs in this Report with supplementation of descriptions, thereby establishing baselines, and facilitating comparisons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING GUIDELINE

The Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in the Appendix 27 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and based on the reporting principles of materiality, quantitative, and consistency. Details of the corporate governance practice of the Company is set out in the Corporate Governance Report in this annual report.

During the preparation of this Report, the Group has applied the following reporting principles as stated in the aforementioned ESG Reporting Guide:

Materiality: Materiality assessment has been conducted to diagnose material issues during the Report Period, thereby adopting the confirmed material issues as the focus for the preparation of this Report;

Quantitative: The standard and methodologies used in the calculation of the relevant figures in this Report, as well as the applicable assumptions have been disclosed:

Consistency: The preparation approach of this Report is substantially consistent with that for the previous year, and explanations regarding changes in the scope of disclosure and the methodologies have been provided.

REPORTING DECLARATION

The Group attaches great importance in the materiality, balance, and consistency of this Report. This Report comprehensively introduces the doctrine and policy, as well as the ESG management process of Kin Shing. By publishing this Report, the Group looks forward to enhancing the communication and collaboration with its stakeholders, and further promoting the sustainable development of the Group in terms of environment, social and economy. The content of this Report is mainly based on the materiality assessment and stakeholder engagement.

CONFIRMATION AND APPROVAL

The disclosure in this Report strictly complies with the ESG disclosure requirements of "comply or explain" set out in the ESG Reporting Guide under Appendix 27 of the Listing Rules issued by the Stock Exchange. This Report has been reviewed, confirmed, and approved by the board (the "**Board**") of directors (the "**Directors**") of the Company on 30 June 2021.

REPORT AVAILABILITY AND FEEDBACK

The electronic version of this Report can be accessed and downloaded at the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Group's website (www.kinshingholdings.com.hk)

Please feel free to provide comments and suggestions on this Report or the Group's ESG work through email at info@leungpui.com.hk.

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of this Report or our performances in sustainable development by the following means: info@leungpui.com.hk.

STAKEHOLDER ENGAGEMENT

To accomplish sustainable development, the Group maintains close relationships and communicates with its stakeholders. The communications enable the Group to accurately assess the potential impacts of its business activities in the aspects of ESG. The table below highlights the Group's key stakeholders as well as the Group's methods in engaging them:

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	• Shareholders	• Corporate website • Financial reports • Seminars • Annual general meetings and extraordinary general meetings
Employees	• Senior Management • Employees • Potential recruits	• Training, seminars • Face-to-face meetings • Interviews • Appraisals
Customers	• Real estate developers • Main contractors	• Face-to-face meetings • Designated customer hotline • Interviews
Suppliers/Contractors	• Materials suppliers • Service suppliers • Contractor	• Suppliers assessment • Daily work review • Site inspection/meeting with contractors
Government	• Government • Regulatory authorities	• Written or electronic correspondences
Non-governmental organisations ("**NGOs**") and the public	• NGOs • The Public	• Contribute to the Society • Social welfare • Health and safety • ESG reports

In the following sections, the Group presents its efforts in fulfilling its corporate social responsibility under the "Environmental" and "Social" aspects for the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

In order to assess our operations and identify relevant ESG issues, and prioritise related matters to our businesses and stakeholders, our management and staff have been engaged in the preparation of this Report. Information from relevant departments and business units of the Group have been collected to identify, assess and refine relative material ESG-related issues and to identify the risks associated with its businesses and formulate sustainability strategies to tackle the challenges.

The table below summarises the material ESG issues being identified through communication activities:

The Group's Material ESG Topics

Environmental aspect	Emissions Use of Resources The Environment and Natural Resources
Social aspect	Employment Health and Safety Development and Training Labour Standards Supply Chain Management Product Responsibility Anti-corruption Community Investment

A. ENVIRONMENTAL

A1. Emissions

The Group has guided its staff to embrace eco-friendly principles into their work by implementing the "green policy". The aspiration of adopting this policy is to reduce energy consumptions in the Group's operations and raise staff's environmental awareness in aspects such as energy consumption, paper use, and greenhouse gas emissions.

During the Reporting Period, the Group is not aware of any non-compliances with environmental laws and regulations, including but not limited to the Air Pollution Control (Construction Dust) Regulation, Waste Disposal Ordinance and Noise Control Ordinance.

In accordance with the "Air Pollution Control Ordinance" laid down by the Environmental Protection Department ("**EPD**") of the Hong Kong SAR Government, the Group's machineries consume fuel with sulphur content not exceeding 0.005% during industrial processes. At the Group's construction sites, dust suppression is carried out by installation of screens and other barriers, as well as spraying of water immediately before, during and after operations that generate dust.

During the Reporting Period, the Group did not use any liquefied petroleum gas (LPG) or town gas and, therefore, has no relevant GHG emissions to report. At the same time, the Group did not produce any hazardous waste from our operations.

Air Emissions:

KPI A1.1	Unit	2021	2020
Nitrogen oxides (NOx)	gram	**431,129**	223,741
Sulphur oxides (SOx)	gram	**771**	481
Particulate Matter (PM)	gram	**31,003**	16,089

Details of measures we have adopted are as follow:

- Controlled the selection of vehicles;
- Phased out diesel vehicles and replaced them with less polluted vehicles, whenever possible;
- Strengthened the regular examination of exhaust gases from business vehicles;
- Monitored vehicles with heavy emissions; and
- Promoted the importance of vehicle maintenance and environmentally friendly driving habits.

GHG Emissions

The Group yields finite amount of GHG emissions, which mainly arise from diesel and petrol consumption of vehicles (Scope 1), consumption of purchased electricity at the office and warehouse (Scope 2), and business travel (Scope 3).

During the Reporting Year, the total GHG emissions of the Group amounted to approximately 145,213 kilograms of carbon dioxide equivalent (kgCO_2e) and the total GHG emissions per premise was approximately 72,607 kgCO_2e.

GHG Emissions:

KPI A1.2[1]	Unit	2021	2020
Direct GHG Emissions (Scope 1) — Petrol and diesel	kgCO_2e	**126,376**	78,018
Energy indirect GHG Emissions (Scope 2) — Purchased electricity	kgCO_2e	**18,714**	26,410
Other indirect GHG Emissions (Scope 3) — Business air travels	kgCO_2e	**123**	N/A
Total GHG Emissions	kgCO_2e	**145,213**	104,428
Intensity[2]	kgCO_2e/premise	**72,607**	52,214

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Greenhouse Gas Inventory Guidance Direct Emissions from Mobile Combustion Sources" issued by the United States Environmental Protection Agency, latest released emission factors of the 2020 Sustainability Report published by the CLP Power Hong Kong Limited, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).

2. As at 31 March 2021, the Group's total premises was approximately 2. The data is also used for calculating other intensity data.

Sewage Discharge

The Group does not consume significant volume of water in its business activities, and therefore its business activities did not generate material portion of sewage discharge. The majority of the water supply and discharge facilities are provided and managed by the property management company.

Wastes Management

In terms of waste management, the Group adopts a hierarchy based on reuse, recycle, reduction, recovery and at the last resort, treatment prior to disposal. The Group had utilised precast reusable formworks made of aluminium alloy in its construction works to minimise the use of traditional timber formwork. After the useful life of the aluminium alloy formworks is exhausted, the formworks shall be scrapped and recycled.

Other non-recyclable materials generated from our operations are sorted and delivered to the public fill reception areas or landfills. During the Reporting Period, the Group has engaged qualified waste disposing handlers for the collection and removal of construction wastes to ensure compliance with the Waste Disposal Ordinance.

Hazardous wastes management

Owing to the Group's business nature, the Group does not generate any hazardous wastes in its daily operation. Despite not generating any hazardous wastes, the Group has formulated relevant guidelines to govern the management and disposal processes of hazardous wastes. In case there are any hazardous wastes being produced, the Group will be required to engage a qualified collector to handle such wastes, and to comply with relevant environmental rules and regulations.

Non-hazardous wastes management

Realising the rising importance of proper waste disposal, the Group sets out relevant measures for waste disposal. To better utilise the environmental resources, the Group pertains to the principle of 4Rs, namely "Reduce, Reuse, Recycle and Replace". Our employees share the responsibilities for waste management in our business operations with reference to the established environmental policies and waste management approaches, including but not limited to the following:

- Utilise electronic communication for internal meetings;
- Encourage double-sided printing and copying;
- Promote upcycling, recycling and the use of recycled paper or other environmentally friendly materials;
- Scrap paper collection boxes are placed besides printers to facilitate paper reuse; and
- Reduce the number of printed versions of interim and annual reports.

Employee's waste management awareness has been raised with the implementation of the related initiatives.

A2. Use of Resources

Energy Consumption

The Group's main sources of direct and indirect energy consumption are in the forms of petrol, diesel and electricity. The Group has equipped with air conditioning, office lighting and electrical appliances and most of them are energy efficient. Energy saving lighting equipment such as fluorescent lamp and LED would be preferred during procurement. Unnecessary lighting and air-conditioners are required to be turned off when they are not in use. Further, air-conditioning temperatures would be set at an environmentally friendly level of around 24 to 26 degree Celsius.

During the Reporting Period, the total energy consumption of the Group amounted to approximately 562,981 kilowatt-hour (kWh), and the total indirect energy consumption per premise was approximately 281,491 kWh.

Energy consumption:

KPI A2.1	Unit	2021
Direct energy consumption	kWh	**512,402**
— Petrol	kWh	**3,746**
— Diesel	kWh	**508,656**
Indirect energy consumption	kWh	**50,579**
— Electricity usage	kWh	**50,579**
Total energy consumed	kWh	**562,981**
Intensity	kWh/premise	**281,491**

The Group has adopted the following measures to conserve energy:

- Streamlined the operational procedures;
- Utilised higher energy-efficiency equipment in our operations;
- Switched off lightings and electrical appliances when not in use; and
- Replaced energy-inefficient light bulbs with energy efficient LED lighting in the warehouse.

Water Consumption

The Group does not consume significant volume of water in our business activities, our business activities did not generate material discharges into water during the Reporting Period. Moreover, wastewater of the Group is discharged into the municipal sewage pipeline network for processing and the majority of the water supply and discharge facilities are provided and managed by the property management company.

Water consumption:

KPI A2.2	Unit	2021	2020
Water	cubic metre	**294.3**	N/A
Water usage intensity	cubic metre/premise	**147.2**	N/A

Owing to the Group's business nature, there is no material issues in sourcing water that is fit for purpose.

Use of Packaging Materials

Owing to the Group's business nature, the Group does not consume significant use of packaging materials during its operations.

A.3 The Environmental and Natural Resources

Noise pollution control

All of the Group's construction activities are only conducted during permitted hours and days pertaining to the Group's policy. In addition to that, the Group has minimised the use of powered mechanical equipment during operation, and most of that equipment is installed with silence devices.

In response to environmental non-compliances in general, programme for corrective actions will be implemented to rectify the situation accordingly. Regular site walks are performed by the Group's safety officers to check for any environmental non-compliances.

B. SOCIAL

B.1 Employment and Labour Practices

The Group's skilled and dedicated industry professionals and staff remains to be the cornerstone of its success. The Group's human resources policy covers aspects such as reward and compensation, discipline, code of conduct, and benefits and welfare. The Group also strives to provide a safe and healthy work environment and career development support to staff.

Compensation and human resources budgets are regularly reviewed by the Group's management to ensure that staff remuneration packages can attract and retain talents and remain competitive within the industry.

The Group's Employee Handbook is also regularly reviewed and updated to ensure compliance with the Employment Ordinance.

The Group prides itself as an equal opportunity employer. It fully complies with laws and regulations prohibiting unfair discrimination, including the Sex Discrimination Ordinance, the Race Discrimination Ordinance and the Disability Discrimination Ordinance. An employee's age, gender, family status, sexual orientation, physical disability, ethnicity and religion would not in any degree affect his or her chances of joining the Group. The same principle applies to employee appraisal and counselling processes.

As at 31 March 2021, the Group had 1,198 (2020: 612) employees. Below is the employee breakdown by gender, age group, employment category and geographical region.

Total workforce:

KPI B1.1	Unit	2021	2020
Gender			
— Male	Person	**1,132**	N/A
— Female	Person	**66**	N/A
Age Group			
— Under 30 years old	Person	**199**	N/A
— 30–50 years old	Person	**598**	N/A
— Over 50 years old	Person	**401**	N/A
Employment type			
— Full-time	Person	**1,198**	N/A
— Part-time	Person	**–**	N/A
Employee Category			
— C-level Executives	Person	**8**	N/A
— Senior Management	Person	**3**	N/A
— Middle Management	Person	**6**	N/A
— General Employees	Person	**1,181**	N/A
Geographical Region			
— Hong Kong	Person	**1,198**	612
Total no. of employees	Person	**1,198**	612

During the Reporting Period, the Group is not aware of any material non-compliance with related laws and regulations, including, but not limited to the Sex Discrimination Ordinance, the Race Discrimination Ordinance, the Employment Ordinance, and the Disability Discrimination Ordinance.

B.2 Health and Safety

The Group's Safety Department employs safety supervisors and registered safety officers to conduct safety works and monitor compliance with safety laws and regulations. The Group ensures that adequate resources and efforts are used to uphold and improve its safety management system to sufficiently mitigate safety risks to an acceptable level.

A safety plan is required to be prepared for each construction project and details of the plan will be conveyed to employees and subcontractors. Safety trainings are mandatory for employees working at construction sites to attend.

The Group engages registered safety auditors to conduct safety audits to collect, assess and verify information on the efficiency, effectiveness and reliability of the safety management system at least once every six months from the works commencement date.

The Group has appointed a registered safety auditor to conduct a safety audit on one of the Group's operating subsidiaries and the projects undertaken by it. This audit has confirmed that the safety management systems adopted by the Group are adequate and effective.

A safety consultant has also been engaged to conduct random safety inspections on construction projects and to provide safety consultancy service, which includes offering trainings to the Group's directors and senior management and carrying out risk assessment for specific high-risk activities or operations.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations, including but not limited to Occupational Safety and Health Ordinance. During the Reporting Period, 12 cases of fatal injury cases occurred at our project sites and no reported days lost due to injury.

Responding to the Coronavirus 2019 ("COVID-19") Epidemic

Towards the end of the Reporting Period, the Group's operation had been affected by the COVID-19 epidemic. To safeguard our staff's health, the following measures had been implemented:

- Provide face masks and disinfectant products at head office and site offices for staff use;
- Require staff to adhere to the Group's office hygiene requirements in response to the COVID-19;
- Place educational material regarding the COVID-19 at head office to raise staff's awareness; and
- Require staff who have visited foreign countries or any close contacts to quarantine for 14 days from home.

The above measures did not only protect the health of our staff but also our customers and the communities closed to the worksites where the Group operates.

B.3 Development and Training

The Group offers training sponsorship to those employees who are dedicated to serving the Group and excel at their career.

The Group's Employee Handbook states that all new hires would be briefed by their immediate supervisors to better equip them to fulfil their job duties. To ensure the safety of the employees working at our construction sites, adequate internal safety training and talks would be given by the Group's safety supervisor and safety officers. The Group also sponsored employees to join external professional training courses which are relevant to their job duties.

During the Reporting Period, the Board had undergone two trainings, one with regard to understanding the newly updated Listing Rules, and the other one providing updated information with regard to anti-bribery organised by the Independent Commission Against Corruption.

B.4 Labour Standards

The Group has zero tolerance to using forced or child labour, or the hiring of illegal immigrants in either our office or construction sites. Any individual below the legal working age or without any identification documents is unqualified for employment. The Human Resources Department and site foreman are responsible for checking and verifying the background, identity and qualification of each new hire. In situation where any individual below the legal working age or without any identification documents is hired, corrective actions will be immediately taken to rectify the situation, by terminating the employee and report to the relevant Governmental authorities.

During the Reporting Period, the Group is not aware of any non-compliances with the relevant employment laws and regulations, including the Employment Ordinance.

B.5 Supply Chain Management

The Group puts great emphasizes on engaging suppliers and subcontractors who can offer the Group with quality products and services. Further, the Group would also avoid engaging suppliers or subcontractors with questionable environmental practices.

Before ordering timber or plywood, one of the Group's construction materials, the Group will request the suppliers to provide a place of origin certificate with each timber or plywood delivery to ensure that only wood products from sustainable sources would be used in construction projects. The certificate will need to be endorsed by internationally recognised institutions such as the Forest Stewardship Council and the American Forest and Paper Association.

If the Group needs to engage new suppliers or subcontractors, sufficient background and quality checking will be conducted to evaluate the suppliers or subcontractors sourced. To ensure the quality of construction works conducted for customers, the Group's construction teams will carry out inspections at project sites regularly. Suppliers or subcontractors who failed to perform up to the Group's standards will be penalised appropriately.

B.6 Product Responsibility

Detailed regulations on customer service standards have been incorporated into the Group's Quality Manual, Procedure Manual and Quality Plan.

To understand our customers' needs and thus provide services meeting their expectation, the Group maintains communication with them through regular meetings and day-to-day phone and email correspondence. To ensure that quality works are delivered, building materials will be thoroughly inspected by construction teams before being applied to construction works. If materials from new suppliers are proposed, the materials will need to undergo the necessary testing and approval from the relevant customer.

During the Reporting Period, the Group is not aware of any non-compliances with relevant laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance that have a significant impact on our advertising, labelling and privacy matters relating to products and services provided.

B.7 Anti-Corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out relevant policies in the Employee Handbook and the Code of Conduct for employees to abide by. The Code of Conduct provides clear guidelines on the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Various policies and guidelines are in place to avoid breach of the Prevention of Bribery Ordinance. A whistleblowing policy is also in place which allows employees to report to the directors anonymously any case of unethical behaviour.

During the Reporting Period, the Group did not notice any material non-compliance with the "Prevention of Bribery Ordinance" and laws and regulations on bribery, extortion, fraud and money laundering. During the Reporting Period, there are no concluded legal cases regarding corrupt practices brought against the Group or its employees.

B.8 Community Investment

The Group believes that giving back to the society by participating in social activities and contributing to the society is a form of demonstrating corporate citizenship. Therefore, the Group always pays attention to the difficulties and needs of the society and disadvantaged groups, actively repays and contributes to the society, and promotes social harmony. During the Reporting Period, the Group continued to undertake the mission of returning to the society through the following activities:

a. The Group donated HK$5,000 to the Gammon Staff Recreation Club on 18 May 2020.

b. The Group made another donation of HK$8,000 to the Gammon Staff Recreation Club on 19 May 2020.

c. The Group donated HK$8,000 to The Lighthouse Club Hong Kong on 11 June 2020.

d. The Group made another donation of HK$10,000 to The Lighthouse Club Hong Kong on 27 March 2021.

e. The Group donated HK$10,000 to the Construction Industry Council on 19 August 2020.

f. The Group donated HK$5,000 to the Federation of Hong Kong And Guangzhou Associations Charitable Fund Limited (香港廣州社團總會慈善基金有限公司) on 15 June 2020.

g. The Group donated HK$13,000 to The Lok Sin Tong Benevolent Society Kowloon (九龍樂善堂) on 2 September 2020.

FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

The Group will continue to uphold its corporate social responsibility and enhance its relevant performance. In the future, the Group aims at enhancing its ESG performance through raising staff's and subcontractor's awareness over environmental protection, dedicate more and more resources to protecting the health and safety of its staff, and to participate in various charities to contribute to the Hong Kong society.

REPORT OF THE DIRECTORS

The Directors of the Company submit their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities of the Group are the provision of formwork works and building construction works. The principal activities of the subsidiaries of the Company are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

A review on the Group's business for the year ended 31 March 2021 is set out under the section headed "Management Discussion and Analysis" of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

The relationship with stakeholders of the Group during the reporting period is set out in the subsection headed "Relationships with Employees, Customers and Suppliers" on page 9 of this annual report. The content is part of the report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Group during the reporting period is set out in the subsection headed "Principal risk and uncertainty" on page 9 of this annual report. The content is part of this report of the Directors.

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 March 2021 by operating segment is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 56.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2021.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 13 August 2021. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 10 August 2021 to Friday, 13 August 2021 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 9 August 2021.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 124 of this annual report. Such summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

BANK BORROWINGS

No bank borrowings of the Group were existed during the year ended 31 March 2021.

SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 March 2021 are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of movement in the Group's and the Company's reserves during the year ended 31 March 2021 are set out in the consolidated statement of changes in equity and on page 59, respectively.

DIRECTORS

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

Executive Directors

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Chow Dik Cheung (Chief Executive Officer)
Mr. Chan Sik Mau
Mr. Chiu Sin Nang, Kenny (appointed on 22 May 2020)

Independent Non-executive Directors

Mr. Chang Chun Pong
Mr. Tsui Leung Cho
Mr. Lam Kai Yeung

In accordance with the provisions of the Company's articles of association, Mr. Leung Chi Kit, Ms. Tso Yuk Ching, Mr. Chow Dik Cheung, Mr. Chan Sik Mau, Mr. Chiu Sin Nang, Kenny, Mr. Chang Chun Pong, Mr. Tsui Leung Cho and Mr. Lam Kai Yeung will retire and, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

Biographical details of the Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management". Information regarding Directors' emoluments is set out in note 13 to the consolidated financial statements. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules have been received from each of the Independent Non-executive Directors.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company passed on 23 May 2017, the Company adopted a share option scheme (the "**Scheme**") to motivate Eligible Participants (as defined in the scheme) to optimise their performance and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationship with those people whose contributions are, will or expected to be beneficial to the Group. These people include the employees (fulltime or part-time), Directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, shareholders, business partners or service providers of the Group and to recognize their contribution or potential contribution to the development and growth of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, Independent Non-executive Directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors of the Company may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors of the Company, and will be at least the higher of (i) the closing price of the Company's Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's Shares.

The Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 23 May 2017) and shall expire at the close of business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of the reporting period. A summary of the principal terms and conditions of the Scheme is set out in Appendix V to the Prospectus.

DIRECTORS' SERVICE CONTRACT

All the Independent Non-executive Directors have entered into a service contract with the Company for a term of one year renewable from time to time unless terminated by not less than one months' notice in writing served by either party on the other.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance to which the Company or any of its subsidiaries was a party in which a Director had a material interest subsisted at the end of the year ended 31 March 2021 or any time during the year ended 31 March 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2021.

EMPLOYEES AND REMUNERATION POLICIES

The employees and remuneration policies of the Group during the reporting period is set out in the subsection headed "Employees and Remuneration Policies" on page 10 of this annual report. The content is part of the report of the Directors.

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

Immediately following completion of the Share Offer and the Capitalisation Issue, interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Listing Rules are as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held/ Interested in	Approximate percentage of Company's issued share capital
Mr. Leung Chi Kit *(Notes 1 and 3)*	Interest in controlled corporation; Interest held jointly with other people	1,125,000,000	75%
Ms. Tso Yuk Ching *(Note 2)*	Family interest	1,125,000,000	75%

Notes:

1. Five Continental Enterprise Limited ("**Five Continental**") is legally interested in 1,125,000,000 Shares upon Listing. As 85% of shareholding interest of Five Continental is owned by Mr. Leung, Mr. Leung is deemed to be interested in the Shares held by Five Continental under the SFO.

2. Ms. Tso Yuk Ching is the spouse of Mr. Leung. Accordingly, Ms. Tso Yuk Ching is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.

3. On 17 July 2018, Five continental pledged 1,125,000,000 shares in favour of Kingston, an independent third party, as a security of a loan granted to Five Continental in the amount of HK$500,000,000.

(ii) Long position in Five Continental, an associated corporation of the Company

Name of Director	Capacity/Nature	Percentage of shareholding
Mr. Leung Chi Kit	Beneficial owner *(Note)*	85%
Ms. Tso Yuk Ching	Family interest *(Note)*	85%

Note: Mr. Leung is the spouse of Ms. Tso Yuk Ching. Accordingly, Ms. Tso Yuk Ching is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors and taking no account any Shares which may be issued upon exercise of any options which may be granted under the Scheme, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature of Interest	Number of Shares/ Underlying Shares held	Percentage of Company's issued share capital
Mr. Chow Siu Yu *(Note 1)*	Interest in controlled corporation. Interest held jointly with other people.	1,125,000,000	75%
Five Continental Enterprise Limited ("**Five Continental**") *(Notes 2 and 3)*	Beneficial owner. Interest held jointly with other people.	1,125,000,000	75%
Ample Cheer Limited ("**Ample Cheer**") *(Note 4)*	Interest in controlled corporation	1,125,000,000	75%
Best Forth Limited ("**Best Forth**") *(Note 4)*	Interest in controlled corporation	1,125,000,000	75%
Chu Yuet Wah ("**Mrs. Chu**") *(Note 4)*	Interest in controlled corporation	1,125,000,000	75%
Kingston Finance Limited ("**Kingston**") *(Note 4)*	Interest in controlled corporation	1,125,000,000	75%

Notes:

1. On 5 August 2016, Mr. Leung Chi Kit, Ms. Tso Yuk Ching and Mr. Chow Siu Yu entered into a Concert Parties Confirmatory Deed (as defined in the Prospectus dated 31 May 2017) to acknowledge and confirm, among other things, that they are parties acting in concert in respect of (i) Leung Pui Form Mould & Engineering Co., Limited ("**Leung Pui**") and Ho Yip Construction Company Limited ("**Ho Yip**") since the incorporation of Leung Pui and Ho Yip and (ii) each of the members of our Group upon the Listing Date and will continue so as of and after the date of the Concert Parties Confirmatory Deed. As such, pursuant to the parties acting in concert arrangement, each of Mr. Leung, Ms. Tso and Mr. Chow is deemed to be interested in 75% of the issued share capital of our Company.

2. Five Continental is owned as to 85% by Mr. Leung Chi Kit and 15% by Mr. Chow Siu Yu, who is the uncle of the Executive Director Mr. Chow Dik Cheung. As Ms. Tso Yuk Ching is the spouse of Mr. Leung, Ms. Tso Yuk Ching is deemed to be interested in the shares of Five Continental held by Mr. Leung. Accordingly, Mrs. Leung is deemed to be interested in the Shares held by Five Continental under the SFO.

3. On 17 July 2018, Five Continental pledged 1,125,000,000 Shares in favour of Kingston, an independent third party, as a security of a loan granted to Five Continental in the amount of HK$500,000,000.

4. Based on the notices of disclosure of interest filed by Ample Cheer, Best Forth, Mrs. Chu and Kingston on 17 July, 2018, Mrs. Chu, Ample Cheer and Best Forth are deemed to be interested in 1,125,000,000 shares of the Company in which Kingston has an interest.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than shareholdings disclosed above, at no time during the year ended 31 March 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2021, the Group's five largest customers in aggregate and the single largest customer accounted for approximately 82.4% (2020: 78.9%) and 31.4% (2020: 31.1%) of the Group's total turnover respectively.

During the year ended 31 March 2021, the Group's five largest suppliers in aggregate and the single largest supplier accounted for approximately 64.5% (2020: 74.1%) and 20.8% (2020: 22.5%) of the Group's total purchases respectively.

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

DEED OF NON-COMPETITION

The controlling shareholders have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under the deed of non-competition dated 23 May 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities since the Date of Listing.

PERMITTED INDEMNITY

Since the Date of Listing till the date of the report, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year ended 31 March 2021 or subsisted at the end of the reporting period.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

The Group entered into certain related party transactions, which constituted connected transactions of the Group, with related parties during the year ended 31 March 2021 as set out in note 31 to the consolidated financial statements.

REPORT OF THE DIRECTORS

During the year ended 31 March 2021, the Group has entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under the Listing Rules in relation to the continuing connected transactions during the year ended 31 March 2021. Details of the continuing connected transaction of the Group for the year ended 31 March 2021 are set out below:

Name of related party	Nature of transaction	2021 HK$'000	2020 HK$'000
King Fu Plastic Products Limited ("**King Fu**")	Purchases of tools and materials	**7,634**	5,649

Purchase of merchandises from King Fu Plastic Products Limited ("King Fu")

On 9 October 2020, Leung Pui Form Mould & Engineering Co., Limited (a subsidiary of the Company) and King Fu entered into a master agreement (the "**King Fu Agreement**"), pursuant to which Leung Pui agreed to purchase and King Fu agreed to supply tools and materials for formwork works to the Group at a price to be determined from time to time. The selling price of the merchandises for each purchase is to be separately negotiated by the parties based on the principles that the purchase price payable shall be determined on normal commercial terms after arm's length negotiation, and shall be no less favourable than the prevailing market price and the price offered by Independent Third Parties (as defined in the Prospectus dated 31 May 2017). The King Fu Agreement commenced on 9 October 2020 and will end on 31 March 2023. It is expected that the total purchase from King Fu under the King Fu Agreement will not exceed HK$8,000,000.

To ensure that the purchase price offered by King Fu is fair and reasonable and comparable to those offered by Independent Third Parties and to obtain the prevailing market price, the Group will obtain quotations in relation to the same product type and volume from at least two other independent parties prior to entering into a purchase order with King Fu. The Directors of the Company consider that the above procedures can ensure that the transactions under the King Fu Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

King Fu is a company with limited liability incorporated in Hong Kong on 10 March 2000 and is a supplier of a wide variety of merchandises which include construction-related tools and materials. Since King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Mrs. Leung respectively, King Fu is a connected person of the Company and the transactions contemplated under the King Fu Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Based on the annual caps under the King Fu Agreement as mentioned above, the relevant percentage ratio is more than 25% and the annual consideration is more than HK$10,000,000. Therefore, the transactions under the King Fu Agreement constitute non-exempt continuing connected transactions and are subject to reporting, annual review, announcement, circular and independent shareholders' approval requirements as set out in Rules 14A.31, 14A.35, 14A.36, 14A.49, 14A.55, 14A.64, 14A.69 and 14A.71 of the Listing Rules. The Board considers that strict compliance with the announcement requirement would be unduly burdensome and would add unnecessary administrative costs to the Company. The Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the transactions under the King Fu Agreement from strict compliance with the announcement and independent shareholders' approval requirements, as specified by Listing Rules 14A.35 and 14A.36.

The Independent Non-executive Directors have reviewed and confirmed that the above continuing connected transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In respect of the waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the transactions under the King Fu Agreement from strict compliance under Listing Rules 14A.35 and 14A.36 granted by the Stock Exchange, the Directors confirmed that the Group has not exceed the annual caps of such transactions from the Date of Listing and up to the year ended 31 March 2021.

COMPETING BUSINESS

For the period from the Date of Listing and up to the date of this annual report, none of the Directors or the Controlling Shareholders and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

Non-Competition Undertaking by Controlling Shareholders

The Controlling Shareholders had entered into a deed of non-competition in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time) on 23 May 2017 (the "**Deed of Non-Competition**"), details of which are set out in section headed "Relationship with the Controlling Shareholders — Deed of Non-Competition" in the Prospectus. The Controlling Shareholders have confirmed their compliance with all the undertakings provided under the Deed of Non-Competition. The Independent Non-executive Directors have reviewed and confirmed that there are no matters required to be deliberated by them in relation to the compliance with and enforcement of the Deed of Non-Competition and considered that the terms of the Deed of Non-Competition have been complied with by the Controlling Shareholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of the Group during the reporting period is set out in the subsection headed "Environmental Policies and Performance" on page 11 of this annual report. The content is part of the report of the Directors.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The compliance with the relevant laws and regulations of the Group during the reporting period is set out in the subsection headed "Compliance with Laws and Regulations" on page 11 of this annual report. The content is part of the report of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

DONATION

Charitable donations were made by the Group during the year ended amounted to HK$59,000 (2020: HK$56,100).

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 31 March 2021 and up to the date of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by HLB Hodgson Impey Cheng Limited, who will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board of
Kin Shing Holdings Limited

Leung Chi Kit
Chairman and Executive Director

Hong Kong, 30 June 2021

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF
KIN SHING HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kin Shing Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 56 to 123, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from construction works	
Refer to note 5 to the consolidated financial statements. The Group's revenue from construction works for the year ended 31 March 2021 amounted to approximately HK$523,949,000. We identified the revenue recognition from construction works as a key audit matter as it is significant to the consolidated statement of profit or loss and other comprehensive income and management's judgment is involved in measuring the value of construction works completed during the year. Most construction works take several years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assess the progress of construction works as well as the financial impact of scope changes, claims and disputes. As disclosed in note 4 to the consolidated financial statements, the management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised.	Our procedures in relation to the revenue recognition from construction works included: • Discussing with the Group's quantity surveyor to understand the status of completion of the relevant construction projects during the year; • Assessing the management's estimate of revenue from construction works, by performing the following procedures on a sample basis: (1) Checking to the Group's latest internal construction progress reports to verify the value of construction work completed and compared with the latest payment certificates issued by the customers before and after year end; (2) Assessing the management's estimate of the impact to revenue arising from scope changes made to the original contracts, claims and disputes with reference to supporting documents including variation orders and correspondence among the Group and customers; and (3) Assessing the reasonableness of the gross margin during the year by comparing with the budgeted profit of the whole construction project.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables and contract assets	
Refer to note 19 and note 20 to the consolidated financial statements. The carrying amount of the Group's trade receivables and contract assets amounted to approximately HK$79,344,000 (net of allowance for credit losses of approximately HK$393,000) and HK$80,660,000 (net of allowance for credit losses of approximately HK$399,000) respectively as at 31 March 2021. We identified the expected credit loss ("**ECL**") for trade receivables and contract assets as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole, combined with the significant degree of estimations by management of the Group in estimation of ECL for trade receivables and contract assets which may affect their carrying values. As disclosed in note 4 to the consolidated financial statements, management assesses the ECL for trade receivables and contract assets based on probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, financial capability of the individual debtors and forward-looking information.	Our procedures in relation to the recoverability of trade receivables and contract assets included: • Obtaining an understanding of how management assesses the ECL for trade receivables and contract assets; • Obtaining the aging of trade receivables and contract assets, reviewing their history of repayment and the management's assessment on the financial capability of the debtors; and • Evaluating management's basis and judgement in determining credit loss allowance on trade receivables and contract assets.

OTHER INFORMATION

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

INDEPENDENT AUDITORS' REPORT

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditors' report is Hui Chun Keung, David.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Revenue	5	**523,949**	434,647
Direct costs		**(519,666)**	(422,041)
Gross profit		**4,283**	12,606
Other income	7	**23,757**	449
Other gain/(loss)	8	**16**	(9)
Impairment losses under expected credit loss model, net of reversal	9	**215**	(1,007)
Administrative expenses		**(21,355)**	(21,532)
Finance costs	10	**(2,796)**	(2,730)
Profit/(Loss) before tax		**4,120**	(12,223)
Income tax (expense)/credit	11	**(1,489)**	1,392
Profit/(Loss) and total comprehensive income/(expense) for the year	12	**2,631**	(10,831)
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		**2,631**	(10,831)
Earnings/(Loss) per share	14		
— Basic (HK cents)		**0.18**	(0.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	**34,923**	18,455
Right-of-use assets	17	**1,710**	3,515
Investment in a joint venture	18	**–**	–
Deposits for acquisition of property, plant and equipment		**–**	6,723
Deferred tax assets	27	**–**	1,494
		36,633	30,187
Current assets			
Trade and other receivables	19	**82,644**	60,401
Contract assets	20	**80,660**	83,394
Tax recoverable		**4,572**	5,053
Cash and cash equivalents	21	**186,621**	187,521
		354,497	336,369
Total assets		**391,130**	366,556
Current liabilities			
Trade and other payables	22	**75,066**	57,794
Contract liabilities	23	**4,971**	–
Amount due to a joint venture	18	**–**	5
Amount due to a related company	24	**142,423**	139,723
Amount due to a director	25	**212**	1,414
Lease liabilities	26	**1,271**	2,381
Tax payable		**–**	7
		223,943	201,324
Net current assets		**130,554**	135,045
Total assets less current liabilities		**167,187**	165,232

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	26	**466**	1,142
Net assets		**166,721**	164,090
Capital and reserves			
Share capital	28	**15,000**	15,000
Reserves		**151,721**	149,090
Total equity		**166,721**	164,090

The consolidated financial statements on pages 56 to 123 were approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Leung Chi Kit
Director

Chow Dik Cheung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital HK$'000 (Note 28)	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
As at 1 April 2019	15,000	75,694	140	84,087	174,921
Loss and total comprehensive expense for the year	–	–	–	(10,831)	(10,831)
As at 31 March 2020	**15,000**	**75,694**	**140**	**73,256**	**164,090**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**2,631**	**2,631**
As at 31 March 2021	**15,000**	**75,694**	**140**	**75,887**	**166,721**

Note: Other reserve represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired upon the group reorganisation and the consideration paid for the acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Operating activities		
Profit/(Loss) before tax	**4,120**	(12,223)
Adjustments for:		
Finance costs	**2,796**	2,730
Interest income	**(819)**	(190)
Depreciation of property, plant and equipment	**12,649**	7,270
Depreciation of right-of-use assets	**2,483**	488
Impairment loss under expected credit loss model, net of reversal	**(215)**	1,007
Operating cash flows before movements in working capital	**21,014**	(918)
(Increase)/Decrease in trade and other receivables	**(22,103)**	33,570
Decrease in contract assets	**2,809**	44,985
Increase/(Decrease) in trade and other payables	**17,272**	(31,504)
Increase in contract liabilities	**4,971**	–
Cash generated from operations	**23,963**	46,133
Income tax refunded	**479**	1,609
Income tax paid	**–**	(3,235)
Net cash generated from operating activities	**24,442**	44,507
Investing activities		
Interest received	**819**	190
Deposits for acquisition of property, plant and equipment	**–**	(6,723)
Purchases of property, plant and equipment	**(22,394)**	(2,967)
Net cash used in investing activities	**(21,575)**	(9,500)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Financing activities		
Interest paid	**(96)**	(30)
Repayment to a joint venture	**(5)**	–
Repayment to a director	**(1,202)**	(28,664)
Repayments of lease liabilities	**(2,464)**	(480)
Net cash used in financing activities	**(3,767)**	(29,174)
Net (decrease)/increase in cash and cash equivalents	**(900)**	5,833
Cash and cash equivalents at the beginning of year	**187,521**	181,688
Cash and cash equivalents at the end of year	**186,621**	187,521
Represented by:		
Bank balances and cash	**56,299**	54,576
Cash held by securities broker	**130,322**	132,945
	186,621	187,521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 April 2016. Its parent and ultimate holding company is Five Continental Enterprise Limited, a company incorporated in the British Virgin Islands and controlled by Mr. Leung Chi Kit, Mr. Chow Siu Yu and Ms. Tso Yuk Ching. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 June 2017. The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Group is principally engaged in the provision of formwork works and building construction works.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("**HKFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 *Impairment of Assets* ("**HKAS 36**").

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in joint ventures *(Continued)*

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of HKFRS 9 *Financial Instruments* ("**HKFRS 9**"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

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

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

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

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Existence of significant financing component *(Continued)*

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Leases

Definition of 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.

For contracts entered into or modified on or after the date if initial application or arising from business combinations, the Group assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risk and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("**HKFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation

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

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

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

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

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 profits will be available to allow all or part of the asset to be recovered.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment on property, plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and contract costs *(Continued)*

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

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

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

Provisions

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts (if any).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits, other receivables, cash held by securities broker and bank balances), and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

(i) Significant increase in credit risk *(Continued)*

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

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 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 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 jointly controlled by a person identified in (a);

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Measurement of the value of construction works

Management measures the value of completed construction work based on output method, which is to recognise revenue on the basis of direct measurement of the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Most construction works take several years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims and disputes. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The Group has the quantity surveyor to periodically measure the value of the construction work completed for each construction projects and issue the internal construction progress reports. The construction works performed by the Group would also be certified by the customers periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the internal construction progress reports and the payment certificates issued by the customers.

(b) Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually. The measurement of ECL for trade receivables and contract assets is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, financial capability of individual debtors and forward-looking information that is reasonable and supportable available without undue cost or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 35.

5. REVENUE

The following is an analysis of the Group's revenue from its major services:

	2021 **HK$'000**	2020 HK$'000
Provision of formwork works and related ancillary works	**523,909**	434,647
Provision of building construction works	**40**	–
	523,949	434,647

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 March 2021

Segments	**Formwork works** **HK$'000**	**Building construction works** **HK$'000**	**Total** **HK$'000**
Type of services			
Formwork works	**523,909**	**–**	**523,909**
Building construction works	**–**	**40**	**40**
	523,909	**40**	**523,949**
Geographical markets			
Hong Kong	**523,909**	**40**	**523,949**
Timing of revenue recognition			
Over time	**523,909**	**40**	**523,949**

For the year ended 31 March 2020

Segments	Formwork works HK$'000	Building construction works HK$'000	Total HK$'000
Type of services			
Formwork works	434,647	–	434,647
Geographical markets			
Hong Kong	434,647	–	434,647
Timing of revenue recognition			
Over time	434,647	–	434,647

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers

Construction service

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the assets is created or enhanced. Revenue is recognised for these construction services based on the value of completed construction work using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which typically ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations arising from construction contracts (unsatisfied or partially unsatisfied) as at the end of the reporting period and the expected timing of recognising revenue are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**302,384**	194,684
More than one year but not more than two years	**180,454**	131,610
More than two years	**102,660**	98,631
	585,498	424,925

6. SEGMENT INFORMATION

Information reported to the Company's Executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on the types of services provided. The Group's reportable and operating segments under "HKFRS 8 — Operating Segments" are as follows:

1. Formwork works — Provision of formwork works and related ancillary works

2. Building construction works — Provision of building construction works

Segment revenue and results

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

For the year ended 31 March 2021

	Formwork works HK$'000	Building construction works HK$'000	Total HK$'000
Revenue			
External sales and segment revenue	**523,909**	**40**	**523,949**
Segment profit	**16,236**	**31**	**16,267**
Interest income			**819**
Unallocated expenses			**(10,170)**
Finance costs			**(2,796)**
Profit before tax			**4,120**

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2020

	Formwork works HK$'000	Building construction works HK$'000	Total HK$'000
Revenue			
External sales and segment revenue	434,647	–	434,647
Segment profit/(loss)	521	(10)	511
Interest income			190
Unallocated expenses			(10,194)
Finance costs			(2,730)
Loss before tax			(12,223)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of interest income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

There were no sales transactions between the operating segments.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2021 **HK$'000**	2020 HK$'000
Segment assets		
Formwork works	**199,788**	171,479
Building construction works	**–**	860
Total segment assets	**199,788**	172,339
Unallocated	**191,342**	194,217
Consolidated assets	**391,130**	366,556
Segment liabilities		
Formwork works	**78,686**	56,514
Building construction works	**8**	8
Total segment liabilities	**78,694**	56,522
Unallocated	**145,715**	145,944
Consolidated liabilities	**224,409**	202,466

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

- all assets are allocated to operating segments other than cash and cash equivalents, tax recoverable, deferred tax assets, investment in a joint venture and unallocated corporate assets.

- all liabilities are allocated to operating segments other than amount due to a joint venture, amount due to a related company, amount due to a director, lease liabilities, tax payable and unallocated corporate liabilities.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2021

	Formwork works HK$'000	Building construction works HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	**29,795**	**–**	**29,795**
Depreciation	**15,132**	**–**	**15,132**
Impairment losses on trade receivables reversed in profit or loss	**(140)**	**–**	**(140)**
Impairment losses on contract assets reversed in profit or loss	**(75)**	**–**	**(75)**

For the year ended 31 March 2020

	Formwork works HK$'000	Building construction works HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	13,308	–	13,308
Depreciation	7,758	–	7,758
Impairment losses on trade receivables recognised in profit or loss	533	–	533
Impairment losses on contract assets recognised in profit or loss	474	–	474

Note: Non-current assets excluded deferred tax assets.

Geographical information

The Group's operations are located in Hong Kong. All of the Group's revenue is derived from external customers located in Hong Kong and the Group's non-current assets are all located in Hong Kong.

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	2021 HK$'000	2020 HK$'000
Customer A[1]	164,492	135,118
Customer B[1]	67,082	N/A[2]
Customer C[1]	59,780	N/A[2]
Customer D[1]	53,246	71,830
Customer E[1]	58,602	N/A[2]
Customer F[1]	81,571	55,319

[1] Revenue from Formwork works.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Interest income from cash and cash equivalents	819	190
Governments grants (Note)	21,745	–
Rental income	1,106	259
Others	87	–
	23,757	449

Note: During the current year, the Group recognised government grants of approximately HK$21,745,000 (2020: Nil) in respect of COVID-19 related subsidies, of which approximately HK$21,675,000 (2020: Nil) relates to Employment Support Scheme provided by the Hong Kong government.

8. OTHER GAIN/(LOSS)

	2021 **HK$'000**	2020 HK$'000
Net foreign exchange gain/(loss)	**16**	(9)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2021 **HK$'000**	2020 HK$'000
Impairment losses (reversed)/recognised on:		
Trade receivables	**(140)**	533
Contract assets	**(75)**	474
	(215)	1,007

Details of impairment assessment were set out in note 35.

10. FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Interest expense on:		
Lease liabilities	**96**	30
Amount due to a related company	**2,700**	2,700
	2,796	2,730

11. INCOME TAX EXPENSE/(CREDIT)

	2021 **HK$'000**	2020 HK$'000
Current tax:		
Hong Kong Profits Tax		
— Current year	**–**	7
— Over provision in prior year	**(5)**	(3)
	(5)	4
Deferred tax (Note 27)		
Origination and reversal of temporary differences	**1,494**	(1,396)
	1,489	(1,392)

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

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

	2021 **HK$'000**	2020 HK$'000
Profit/(Loss) before tax	**4,120**	(12,223)
Tax at Hong Kong Profits Tax rate of 16.5%	**680**	(2,017)
Tax effect of expenses not deductible for tax purpose	**526**	501
Tax effect of income not taxable for tax purpose	**(3,723)**	(15)
Tax effect of tax losses not recognised	**4,144**	104
Utilisation of tax losses previously not recognised	**(87)**	–
Over provision in prior year	**(5)**	(3)
Income tax at concessionary rate	**–**	(7)
Others	**(46)**	45
Tax charge/(credit) for the year	**1,489**	(1,392)

12. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year has been arrived at after charging:

	2021 HK$'000	2020 HK$'000
Directors' emoluments (Note 13)	**7,831**	7,506
Other staff costs	**177,669**	150,436
Contributions to retirement benefit scheme, excluding those of directors	**8,834**	6,601
Total staff costs	**194,334**	164,543
Depreciation of property, plant and equipment	**12,649**	7,270
Depreciation of right-of-use assets	**2,483**	488
Total depreciation	**15,132**	7,758
Auditors' remuneration	**740**	760

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and Chief Executive's emoluments

The emoluments paid or payable to the directors and Chief Executive Officer of the Company by the Group during the year were as follows:

For the year ended 31 March 2021

		Other emoluments		
Name of directors	Fees HK$'000	Salaries and allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive Directors				
Mr. Leung Chi Kit	–	2,878	18	2,896
Ms. Tso Yuk Ching	–	2,112	18	2,130
Mr. Chow Dik Cheung	–	942	18	960
Mr. Chan Sik Mau	–	902	18	920
Mr. Chiu Sin Nang, Kenny (Note)	–	325	15	340
Independent Non-executive Directors				
Mr. Chang Chun Pong	195	–	–	195
Mr. Tsui Leung Cho	195	–	–	195
Mr. Lam Kai Yeung	195	–	–	195
	585	7,159	87	7,831

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' and Chief Executive's emoluments *(Continued)*

For the year ended 31 March 2020

Name of directors	Fees	Other emoluments: Salaries and allowances	Other emoluments: Contributions to retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Mr. Leung Chi Kit	–	2,888	18	2,906
Ms. Tso Yuk Ching	–	2,107	18	2,125
Mr. Chow Dik Cheung	–	952	18	970
Mr. Chan Sik Mau	–	902	18	920
Independent Non-executive Directors				
Mr. Chang Chun Pong	195	–	–	195
Mr. Tsui Leung Cho	195	–	–	195
Mr. Lam Kai Yeung	195	–	–	195
	585	6,849	72	7,506

Note: Appointed on 22 May 2020.

Mr. Chow Dik Cheung is also the Chief Executive Officer of the Company and his emoluments disclosed above include those services rendered by him as Chief Executive Officer.

The Executive Directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group.

The Independent Non-executive Directors' remuneration shown above were mainly for their services as directors of the Company.

None of the Company's directors waived or agreed to waive any emoluments during the year (2020: Nil).

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

The five highest paid employees of the Group during the year included four (2020: four) directors, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining one (2020: one) highest paid employee who is neither a director nor Chief Executive Officer of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and other benefits	**892**	834
Contributions to retirement benefit scheme	**18**	18
Total emoluments	**910**	852

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

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

During the year, no emoluments were paid by the Group to any of the Company's directors or the five highest paid individuals of the Group (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

14. EARNINGS/(LOSS) PER SHARE

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

	2021	2020
	HK$'000	HK$'000
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic earnings/(loss) per share (Profit/(Loss) for the year attributable to owners of the Company)	**2,631**	(10,831)

	2021	2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,500,000**	1,500,000

No diluted earnings/(loss) per share for the years ended 31 March 2021 and 2020 were presented as there were no potential ordinary shares in issue for both years.

15. DIVIDENDS

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

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Motor vehicle HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Tools HK$'000	Total HK$'000
Cost						
As at 1 April 2019	727	3,069	280	392	30,866	35,334
Additions	–	–	147	–	2,820	2,967
As at 31 March 2020	**727**	**3,069**	**427**	**392**	**33,686**	**38,301**
Additions	**–**	**–**	**40**	**–**	**29,077**	**29,117**
Disposals	**–**	**–**	**–**	**(36)**	**–**	**(36)**
As at 31 March 2021	**727**	**3,069**	**467**	**356**	**62,763**	**67,382**
Accumulated depreciation						
As at 1 April 2019	485	1,566	97	364	10,064	12,576
Provided for the year	145	614	76	26	6,409	7,270
As at 31 March 2020	**630**	**2,180**	**173**	**390**	**16,473**	**19,846**
Provided for the year	**97**	**529**	**85**	**2**	**11,936**	**12,649**
Eliminated on disposals	**–**	**–**	**–**	**(36)**	**–**	**(36)**
As at 31 March 2021	**727**	**2,709**	**258**	**356**	**28,409**	**32,459**
Carrying amount						
As at 31 March 2021	**–**	**360**	**209**	**–**	**34,354**	**34,923**
As at 31 March 2020	97	889	254	2	17,213	18,455

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicle	20%
Office equipment	20%
Furniture and fixtures	20%
Tools	20%–$33^{1}/_{3}$%

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

The Group leases out a number of tools under operating leases. The leases typically run for an initial period of 1 day to 1 month. None of the leases includes variable lease payments. The disaggregation of these tools under operating leases and the reconciliation of the carrying amount at the beginning and end of the period are set out as below:

	Tools subject to operating leases HK$'000
Cost	
As at 1 April 2019	710
Additions	129
As at 31 March 2020	**839**
Additions	**2,814**
As at 31 March 2021	**3,653**
Accumulated depreciation	
As at 1 April 2019	83
Provided for the year	153
As at 31 March 2020	**236**
Provided for the year	**325**
As at 31 March 2021	**561**
Carrying amount	
As at 31 March 2021	**3,092**
As at 31 March 2020	603

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
As at 31 March 2021			
Carrying amount	**1,513**	**197**	**1,710**
As at 31 March 2020			
Carrying amount	3,224	291	3,515
For the year ended 31 March 2021			
Depreciation charge	**2,389**	**94**	**2,483**
For the year ended 31 March 2020			
Depreciation charge	394	94	488

	2021 **HK$'000**	2020 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**5,396**	7,943
Expense relating to leases of low value assets, excluding short-term leases of low value assets	**26**	28
Total cash outflow for leases	**7,982**	8,481
Additions to right-of-use assets	**678**	3,618

For both years, the Group leases various offices, warehouses and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contracts is enforceable.

In addition, lease liabilities of approximately HK$1,737,000 (2020: HK$3,523,000) are recognised with related right-of-use assets of approximately HK$1,710,000 (2020: HK$3,515,000) as at 31 March 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVESTMENT IN/AMOUNT DUE TO A JOINT VENTURE

	2021 **HK$'000**	2020 HK$'000
Cost of unlisted investment in joint venture	–	5
Share of post-acquisition loss and other comprehensive income	–	(5)
	–	–

The amount due to a joint venture is non-trade nature, unsecured, interest-free and repayment on demand.

Details of the Group's joint venture at the end of the reporting period are as follow:

Name of joint venture	Place of incorporation/ operations	Proportion ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		2021	2020	**2021**	2020	
New Allied (H.K.) Limited (Note)	Hong Kong	–	50%	–	50%	Provision of building maintenance and renovation services

Note: Deregistered on 26 March 2021.

18. INVESTMENT IN/AMOUNT DUE TO A JOINT VENTURE *(Continued)*

Summarised financial information of joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	2021	2020
	HK$'000	HK$'000
Current assets	**–**	10
Non-current assets	**–**	–
Current liabilities	**–**	(15)
Non-current liabilities	**–**	–
Net liabilities	**–**	(5)

	2021	2020
	HK$'000	HK$'000
Revenue	**–**	–
Loss for the year	**–**	(6)
Other comprehensive income for the year	**–**	–
Total comprehensive expense for the year	**–**	(6)
Dividends received from the joint venture during the year	**–**	–

18. INVESTMENT IN/AMOUNT DUE TO A JOINT VENTURE *(Continued)*

Summarised financial information of joint venture *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the investment in the joint venture recognised in the consolidated financial statements:

	2021 HK$'000	2020 HK$'000
Net liabilities of the joint venture	–	(5)
Proportion of the Group's ownership interest in the joint venture	–	50%
The Group's share of net liabilities of the joint venture	–	(2)
Cumulative unrecognised share of loss of the joint venture	–	2
Carrying amount of the Group's interest in the joint venture	–	–

	2021 HK$'000	2020 HK$'000
The unrecognised share of loss of the joint venture for the year	–	(2)
Cumulative unrecognised share of loss of the joint venture	–	(2)

19. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	79,737	59,734
Less: Allowance for credit losses	(393)	(533)
	79,344	59,201
Prepayments	486	396
Deposits and other receivables	2,814	804
	82,644	60,401

As at 1 April 2019, trade receivables from contracts with customers amounted to approximately HK$91,462,000.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aging analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on the progress payment certificate date:

	2021	2020
	HK$'000	HK$'000
0–30 days	**39,180**	36,516
31–60 days	**18,686**	12,602
Over 60 days	**21,478**	10,083
	79,344	59,201

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$33,001,000 (2020: HK$20,157,000) which are past due at the reporting date. Out of the past due balances, approximately HK$3,925,000 (2020: HK$2,780,000) has been past due 90 days or more and is not considered as in default as the directors of the Company are of the opinion that these balances are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

Details of impairment assessment of trade and other receivables are set out in note 35.

20. CONTRACT ASSETS

	2021	2020
	HK$'000	HK$'000
Unbilled revenue (Note (a))	**26,600**	18,514
Retention money receivables (Note (b))	**54,459**	65,354
	81,059	83,868
Less: Allowance for credit losses	**(399)**	(474)
	80,660	83,394

As at 1 April 2019, contract assets amounted to approximately HK$128,853,000.

20. CONTRACT ASSETS *(Continued)*

Notes:

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

(b) Retention money receivables included in contract assets represents the Group's right to receive consideration for work performed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. Those expected to be realised more than twelve months are as follows:

	2021	2020
	HK$'000	HK$'000
Retention money receivables after one year	**45,105**	44,392

Details of the impairment assessment are set out in note 35.

21. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	HK$'000
Bank balances and cash	**56,299**	54,576
Cash held by securities broker	**130,322**	132,945
	186,621	187,521

Bank balances comprise short-term bank deposits with an original maturity of three months or less at the end of the reporting period. The bank balances carry interest at market rates which range from 0.001% to 0.25% (2020: 0.001% to 0.25%).

22. TRADE AND OTHER PAYABLES

	2021 **HK$'000**	2020 HK$'000
Trade payables	**15,601**	15,346
Accruals and other payables		
— Accrued salaries	**26,251**	19,529
— Accrued sub-contracting fee	**25,233**	15,295
— Others	**7,981**	7,624
	75,066	57,794

The following is an aging analysis of the Group's trade payables at the end of the reporting period, presented based on the invoice date:

	2021 **HK$'000**	2020 HK$'000
0–30 days	**10,766**	1,798
31–60 days	**3,664**	2,406
61–90 days	**868**	4,249
Over 90 days	**303**	6,893
	15,601	15,346

22. TRADE AND OTHER PAYABLES *(Continued)*

At the end of the reporting period, the amount due to a connected party included in the Group's trade payables is as follows:

	2021 **HK$'000**	2020 HK$'000
King Fu Plastic Products Limited ("**King Fu**")	**1,153**	2,390

King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso Yuk Ching respectively.

23. CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Advances from customers	**4,971**	–

When the Group receives advances from customers before the construction activity commences, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the advances from customers.

24. AMOUNT DUE TO A RELATED COMPANY

The amount represents a balance due to Century Bond Limited ("**Century Bond**"), a company controlled by Mr. Leung Chi Kit, a director of the Company. The amount due to a related company is non-trade nature, unsecured, interest-bearing at 2% per annum and repayable on demand.

25. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-trade nature, unsecured, interest-free and repayment on demand.

26. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	**1,271**	2,381
More than one year, but not more than two years	**323**	1,034
More than two years, but not more than five years	**143**	108
	1,737	3,523
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,271)**	(2,381)
Amount due for settlement after 12 months shown under non-current liabilities	**466**	1,142

In October 2019, the Group entered into a new lease agreement for the use of office with Five Dragons Properties Limited ("**Five Dragons Properties**"), a company in which Mr. Leung Chi Kit and Ms. Tso Yuk Ching have beneficial interests, for 2 years. As at 31 March 2021, lease liabilities payable to Five Dragons Properties amounted to approximately HK$363,000 (2020: HK$965,000).

27. DEFERRED TAX

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

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**–**	1,494
Deferred tax liabilities	**–**	–
	–	1,494

27. DEFERRED TAX *(Continued)*

The following is the major deferred tax assets/(liabilities) recognised and movements thereon during the year:

	Unrealised profits of intercompany transactions HK$'000	ECL provision HK$'000	Tax losses HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
As at 1 April 2019	2,294	–	–	(2,196)	98
(Charge)/Credit to profit or loss	(1,713)	161	2,400	548	1,396
As at 31 March 2020	**581**	**161**	**2,400**	**(1,648)**	**1,494**
(Charge)/Credit to profit or loss	**(581)**	**(34)**	**521**	**(1,400)**	**(1,494)**
As at 31 March 2021	**–**	**127**	**2,921**	**(3,048)**	**–**

As at 31 March 2021, the Group has unused tax losses of approximately HK$56,580,000 (2020: HK$27,846,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$18,259,000 (2020: HK$14,999,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK$38,321,000 (2020: HK$12,847,000) due to the unpredictability of future profit streams in the respective entities. The tax losses may be carried forward indefinitely.

In addition, as at 31 March 2021, the Group did not recognise deferred tax asset in respect of deductible temporary differences associated with decelerated tax depreciation amounting to approximately HK$2,000 (2020: HK$2,000) as it is not probable that taxable profit of the respective entities will be available against which the deductible temporary differences can be utilised.

28. SHARE CAPITAL

	Number of shares '000	Amount HK$
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2019, 31 March 2020 and 31 March 2021	**3,120,000**	**31,200**
Issued and fully paid:		
As at 1 April 2019, 31 March 2020 and 31 March 2021	**1,500,000**	**15,000**

29. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 23 May 2017 and will expire on 22 May 2027. The purpose of the Share Option Scheme is to provide directors, employees of any member of the Group and other eligible participants who have made contributed or will contribute to the Group with an opportunity to acquire proprietary interests in the Company and to motivate eligible participants to optimise their performance and efficiency for the benefit of the Group and maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the total number of the Company's share in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Board of Directors may determine which shall not exceed 10 years from the date of grant. The exercise price is determined by the Board of 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 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share option has been granted since the adoption of the Share Option Scheme.

30. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributed 5% of relevant payroll costs to the scheme, which contribution is matched by employees and subject to a monthly cap of HK$1,500 for each employee.

The total expenses recognised in profit or loss amount to approximately HK$8,921,000 (2020: HK$6,673,000) for the year and represent contributions payable to this scheme by the Group at rate specified in the rules of the scheme.

31. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Transactions with connected or related parties

During the year, the Group entered into the following significant transactions with connected or related parties:

Name of connected/ related party	Nature of transaction	2021 HK$'000	2020 HK$'000
King Fu	Purchases of tools and materials (Note (i))	**7,634**	5,649
Five Dragons Properties	Expenses relating to short-term leases (Note (ii))	**–**	368
	Interest expense on lease liabilities	**28**	16
Century Bond	Interest expense (Note (iii))	**2,700**	2,700

Notes:

(i) The purchases of tools and materials were made according to market prices.

(ii) In October 2017, the Group entered into a lease agreement for the use of office with Five Dragons Properties for 2 years.

(iii) The interest expense is charged at 2% per annum.

(b) Outstanding balances with connected or related parties

Details of outstanding balances with connected or related parties of the Group at the end of the reporting period are set out in notes 18, 22, 24, 25 and 26.

(c) Compensation to key management personnel

Compensation to key management personnel of the Group which represents directors of the Company, during the year are as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**7,744**	7,434
Post-employment benefits	**87**	72
	7,831	7,506

32. CAPITAL COMMITMENTS

	2021 **HK$'000**	2020 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	8,651

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK$'000	Amount due to a joint venture HK$'000	Amount due to a related company HK$'000	Amount due to a director HK$'000	Total HK$'000
As at 1 April 2019	385	5	137,023	30,078	167,491
Financing cash flows	(510)	–	–	(28,664)	(29,174)
New leases entered	3,618	–	–	–	3,618
Interest expenses	30	–	2,700	–	2,730
As at 31 March 2020	**3,523**	**5**	**139,723**	**1,414**	**144,665**
Financing cash flows	**(2,560)**	**(5)**	**–**	**(1,202)**	**(3,767)**
New leases entered	**678**	**–**	**–**	**–**	**678**
Interest expenses	**96**	**–**	**2,700**	**–**	**2,796**
As at 31 March 2021	**1,737**	**–**	**142,423**	**212**	**144,372**

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes amount due to a joint venture, amount due to a related company, amount due to a director and lease liabilities) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group monitors its capital structure on the basis of gearing ratio. The Group considers the cost of capital and the risks associated with each class of the capital, and will balance the gearing ratio through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at the end of the reporting period was as follows:

	2021 **HK$'000**	2020 HK$'000
Debt	**144,372**	144,665
Equity	**166,721**	164,090
Gearing ratio	**87%**	88%

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**82,158**	60,005
— Cash and cash equivalents	**186,621**	187,521
	268,779	247,526
Financial liabilities		
Financial liabilities at amortised cost		
— Trade and other payables	**75,066**	57,794
— Amount due to a joint venture	**–**	5
— Amount due to a related company	**142,423**	139,723
— Amount due to a director	**212**	1,414
— Lease liabilities	**1,737**	3,523
	219,438	202,459

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, amount due to a joint venture, amount due to a related company, amount due to a director and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

Foreign currency risk

The Group has certain financial assets denominated in foreign currencies, which exposure to the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	2021	2020
	HK$'000	HK$'000
Monetary assets denominated in:		
— Renminbi ("**RMB**")	**212**	195

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate advance from a related company and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure to cash flow interest rate risk is not significant and therefore no sensitivity analysis has been prepared.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, deposits, other receivables, cash held by securities broker and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables and contract assets individually. Impairment of approximately HK$140,000 (2020: HK$533,000) and HK$75,000 (2020: HK$474,000) were reversed (2020: recognised) for trade receivables and contract assets respectively during the year. Details of the quantitative disclosures are set out below in this note.

The Group has concentration of credit risk on trade receivables as 25% (2020: 31%) and 75% (2020: 91%) of total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Deposits and other receivables

The directors of the Company make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

Cash held by securities broker

The Group regularly monitors the financial position and the business performance of the securities broker. The directors of the Company believe that there is no significant increase in credit risk of this amount since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2021 and 2020, the Group assessed the ECL for cash held by securities broker was insignificant and thus no loss allowance was recognised.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Bank balances

The credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ Contract assets	Other financial assets/ Other items
Low risk	The counterparty has a low risk of default and does not have any past due amounts or has past due amounts which are past due less than 30 days	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	**2021 Gross carrying amount HK$'000**	2020 Gross carrying amount HK$'000
Financial assets at amortised cost:					
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**57,750**	38,516
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	**21,987**	21,218
Deposits and other receivables	N/A	Low risk	12m ECL	**2,814**	804
Cash held by securities broker	N/A	Low risk	12m ECL	**130,322**	132,945
Bank balances	A2 to Aa2	N/A	12m ECL	**56,231**	54,515
Other items:					
Contract assets	N/A	Low risk	Lifetime ECL (not credit-impaired)	**57,297**	68,629
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	**23,762**	15,239

Notes: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually. The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, financial capability of the individual debtors and forward-looking information such as macroeconomic factors.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 April 2019	–
Impairment losses recognised	533
As at 31 March 2020	**533**
Impairment losses reversed	**(140)**
As at 31 March 2021	**393**

The following table shows the reconciliation of loss allowances that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 April 2019	–
Impairment losses recognised	474
As at 31 March 2020	**474**
Impairment losses reversed	**(75)**
As at 31 March 2021	**399**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

Liquidity table

Non-derivative financial liabilities	Weighted average interest rate	On demand or less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Total undiscounted cash flows	Total carrying amount
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2021						
Trade and other payables	**–**	**75,066**	**–**	**–**	**75,066**	**75,066**
Amount due to a related company	**2%**	**142,423**	**–**	**–**	**142,423**	**142,423**
Amount due to a director	**–**	**212**	**–**	**–**	**212**	**212**
Lease liabilities	**3.45%**	**1,299**	**333**	**145**	**1,777**	**1,737**
		219,000	**333**	**145**	**219,478**	**219,438**
2020						
Trade and other payables	–	57,794	–	–	57,794	57,794
Amount due to a joint venture	–	5	–	–	5	5
Amount due to a related company	2%	139,723	–	–	139,723	139,723
Amount due to a director	–	1,414	–	–	1,414	1,414
Lease liabilities	3.78%	2,473	1,049	111	3,633	3,523
		201,409	1,049	111	202,569	202,459

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up issued capital	Proportion ownership interest held by the Company 2021	2020	Principal activities
Hin Lone Holdings Limited	The British Virgin Islands	Ordinary	US$1	**100% (direct)**	100% (direct)	Investment holding
Mega Builder Holdings Limited	The British Virgin Islands	Ordinary	US$100	**100% (direct)**	100% (direct)	Investment holding
Giant Dragon Holdings Limited	The British Virgin Islands	Ordinary	US$100	**100% (direct)**	100% (direct)	Securities investment
Leung Pui Form Mould & Engineering Co. Limited	Hong Kong	Ordinary	HK$20,000	**100% (indirect)**	100% (indirect)	Timber formwork and metal formwork
Five Dragons Form Mould Limited	Hong Kong	Ordinary	HK$1	**100% (indirect)**	100% (indirect)	Timber formwork and metal formwork
Ho Yip Construction Company Limited	Hong Kong	Ordinary	HK$20,000	**100% (indirect)**	100% (indirect)	Building construction works
Mastery Engineering Limited	Hong Kong	Ordinary	HK$100,000	**100% (indirect)**	100% (indirect)	Timber formwork
Kin Wo Form Mould Engineering Limited	Hong Kong	Ordinary	HK$1	**100% (indirect)**	100% (indirect)	Timber formwork
China Sino International Limited	Hong Kong	Ordinary	HK$100	**100% (indirect)**	100% (indirect)	Inactive

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

As at 31 March 2021

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	**2**	2
Current assets		
Amounts due from subsidiaries	**74,640**	74,757
Prepayments	**148**	148
Bank balances	**466**	255
	75,254	75,160
Current liabilities		
Accruals	**1,311**	1,256
Net current assets	**73,943**	73,904
Net assets	**73,945**	73,906
Capital and reserves		
Share capital	**15,000**	15,000
Reserves	**58,945**	58,906
Total equity	**73,945**	73,906

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Leung Chi Kit
Director

Chow Dik Cheung
Director

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

Movement in the Company's reserves:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2019	75,694	(16,371)	59,323
Loss and total comprehensive expense for the year	–	(417)	(417)
As at 31 March 2020	**75,694**	**(16,788)**	**58,906**
Profit and total comprehensive income for the year	**–**	**39**	**39**
As at 31 March 2021	**75,694**	**(16,749)**	**58,945**

5 YEARS FINANCIAL SUMMARY

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**523,949**	434,647	850,565	576,856	770,159
Profit/(Loss) before tax	**4,120**	(12,223)	(13,249)	32,660	84,089
Income tax (expense)/credit	**(1,489)**	1,392	(6,070)	(5,380)	(16,518)
Profit/(Loss) and total comprehensive income/(expense) for the year	**2,631**	(10,831)	(19,319)	27,280	67,571
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to owners of the Company	**2,631**	(10,831)	(19,319)	27,280	67,571

	At 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**391,130**	366,556	433,524	324,171	234,510
Total liabilities	**224,409**	202,466	258,603	119,577	147,890
Net assets	**166,721**	164,090	174,921	204,594	86,620
Total equity	**166,721**	164,090	174,921	204,594	86,620

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.