NOBLE ENGINEERING GROUP HOLDINGS LIMITED
怡康泰工程集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Noble Engineering Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

FINAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated financial results of the Group for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*5*	**364,165**	408,944
Direct costs		**(334,328)**	(366,545)
Gross profit		**29,837**	42,399
Other income and gain	*6*	**605**	5,392
Administrative and other operating expenses		**(15,969)**	(28,909)
Finance costs	*10*	**(18)**	(215)
Profit before income tax	*7*	**14,455**	18,667
Income tax expense	*11*	**(2,525)**	(5,426)
Profit and total comprehensive income for the year attributable to owners of the Company		**11,930**	13,241
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share	*12*	**HK$0.02**	HK$0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Plant and equipment	16	**5,722**	3,379
Current assets			
Contract assets	17	**58,898**	–
Gross amounts due from customers for contract work	18	**–**	19,074
Trade and other receivables	19	**22,744**	63,732
Bank balances	20	**53,849**	62,915
Restricted cash	21	**–**	820
Current income tax recoverable		**907**	–
		136,398	146,541
Total assets		**142,120**	149,920
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	22	**6,000**	6,000
Reserves	23	**121,068**	108,831
Total equity		**127,068**	114,831
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	25	**348**	402
Current liabilities			
Gross amounts due to customers for contract work	18	**–**	3,515
Trade and other payables	26	**14,704**	29,096
Current income tax liabilities		**–**	2,076
		14,704	34,687
Total liabilities		**15,052**	35,089
Total equity and liabilities		**142,120**	149,920
Net current assets		**121,694**	111,854
Total assets less current liabilities		**127,416**	115,233

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital HK$'000 (Note 22)	Share premium HK$'000 (Note 23)	Other reserve HK$'000 (Note 23)	Retained earnings HK$'000	Total HK$'000
Balance as at 1 April 2017	10,000	–	–	31,603	41,603
Profit and total comprehensive income for the year	–	–	–	13,241	13,241
Reorganisation	(10,000)	–	10,000	–	–
Shares issued pursuant to the capitalisation issue	4,500	(4,500)	–	–	–
Share issued pursuant to the share offer	1,500	69,000	–	–	70,500
Share issuance costs	–	(10,513)	–	–	(10,513)
Balance as at 31 March 2018	6,000	53,987*	10,000*	44,844*	114,831
Balance as at 1 April 2018 (as originally stated)	6,000	53,987	10,000	44,844	114,831
Effect arising from initial application of HKFRS 15 *(Note 2)*	–	–	–	516	516
Effect arising from initial application of HKFRS 9 *(Note 2)*	–	–	–	(209)	(209)
Balance as at 1 April 2018 (as restated)	6,000	53,987	10,000	45,151	115,138
Profit and total comprehensive income for the year	–	–	–	11,930	11,930
Balance as at 31 March 2019	**6,000**	**53,987***	**10,000***	**57,081***	**127,068**

* These reserve accounts comprise the consolidated reserves of approximately HK$121,068,000 (2018: approximately HK$108,831,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before income tax		**14,455**	18,667
Adjustments for:			
Depreciation of plant and equipment		**1,409**	836
Interest income		**(448)**	(228)
Interest expense		**18**	215
Gain on disposal of plant and equipment		**–**	(1)
Provision for loss allowance on financial assets and contract assets		**1,723**	2,513
Reversal of loss allowance on financial assets and contract assets		**(151)**	(5,109)
Operating profit before changes in working capital		**17,006**	16,893
Increase in contract assets		**(7,628)**	–
Decrease in gross amounts due from customers for contract work		**–**	9,511
Decrease/(Increase) in trade and other receivables		**594**	(13,060)
Decrease/(Increase) in restricted cash		**820**	(740)
Decrease in gross amounts due to customers for contract work		**–**	(4,164)
Decrease in trade and other payables		**(14,392)**	(52)
Cash (used in)/generated from operations		**(3,600)**	8,388
Tax paid		**(5,640)**	(5,940)
Net cash (used in)/generated from operating activities		**(9,240)**	2,448
Cash flows from investing activities			
Interest received		**444**	226
Purchases of plant and equipment		**(252)**	(2,243)
Proceeds from disposal of plant and equipment		**–**	1
Net cash generated from/(used in) investing activities		**192**	(2,016)
Cash flows from financing activities			
Interest paid		**(18)**	(215)
Decrease in amounts due to directors	*27*	**–**	(20,432)
Increase in pledge bank deposits	*27*	**(5,088)**	–
Proceeds from share offer		**–**	59,987
Net cash (used in)/generated from financing activities		**(5,106)**	39,340
Net (decrease)/increase in cash and cash equivalents		**(14,154)**	39,772
Cash and cash equivalents at beginning of the year		**62,915**	23,143
Cash and cash equivalents at end of the year	*20*	**48,761**	62,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Noble Engineering Group Holdings Limited (the "**Company**") is an investment holding company. The Company and its subsidiaries (collectively referred as to the "**Group**") is principally engaged in provision of wet trades works services.

The Company was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 29 September 2017.

As at 31 March 2018 and 2019, its parent and ultimate holding company is Land Noble Holdings Limited ("**Land Noble**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned as to 50% by Mr. Tse Chun Yuen ("**Mr. Eric Tse**") and 50% by Mr. Tse Chun Kuen ("**Mr. CK Tse**").

The addresses of the registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Room 809, 8/F., Cheung Sha Wan Plaza, Tower II, 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

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

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the GEM of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. Eric Tse and Mr. CK Tse. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 6 September 2017. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies comprising the Group after the Reorganisation throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Eric Tse and Mr. CK Tse prior to and after the Reorganisation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements set out in this announcement have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related amendments
Amendments to HKFRS 1 and HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

*Adoption of Hong Kong Financial Reporting Standard HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**")*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 supersedes HKAS 18 "*Revenue*" ("**HKAS 18**"), HKAS 11 "*Construction Contracts*" ("**HKAS 11**") and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from provision of wet trades works services which arise from contracts with customers. The accounting policies for recognition of revenue from such contract works before and after adoption of HKFRS 15 on 1 April 2018 are described in Notes 2.21 and 2.22 respectively. The changes in the accounting policies due to the adoption of HKFRS 15 on 1 April 2018 did not have impact on the amounts of revenue and direct costs recognised as expense in respect of the contract works carried out by the Group except as follows:

— Under HKAS 11, the Group recognised contract costs incurred as expense based on the stage of completion which was measured based on surveys of work performed, whereas under HKFRS 15, all contract costs incurred are recognised as expense unless they meet all the criteria specified in HKFRS 15 for recognising costs incurred to fulfil a contract as an asset.

Further, as a result of the adoption of HKFRS 15, gross amounts due from or to customers for contract work are reclassified as contract assets and contract liabilities respectively. Further, retention monies receivables are reclassified from trade and other receivables to contract assets as these retention monies receivables do not represent the Group's right to consideration from its customers that is unconditional. Under HKFRS 15, a right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Summary of effects arising from initial application of HKFRS 15

Impact on the consolidated statement of financial position

As mentioned above, the Group has adopted the cumulative effect transition method for transition to HKFRS 15. With such a method being adopted, the Group is required to make an additional disclosure that shows how the amount of each financial line item is affected in the current year by the application of HKFRS 15 as compared to those superseded standards including HKAS 11, HKAS 18 and the related interpretations. The table below only show line items that are affected.

	Carrying amount previously report as at 31 March 2018 *HK$'000*	**Reclassification and measurement** *HK$'000*	**Carrying amount under HKFRS 15 as at 1 April 2018** *HK$'000*
Current assets			
Contract assets	–	51,440	51,440
Gross amounts due from customers for contract work	19,074	(19,074)	–
Trade and other receivables	63,732	(35,246)	28,486
Equity			
Reserves *(Note)*	108,831	516	109,347
Non-current liabilities			
Deferred tax liabilities	402	(13)	389
Current liabilities			
Gross amounts due to customers for contract work	3,515	(3,515)	–
Current income tax liabilities	2,076	132	2,208

Note: As mentioned above, the Group has adopted the cumulative effect transition method for transition to HKFRS 15. With such a method being adopted, the Group is required to make an additional disclosure that shows how the amount of each financial statement line item is affected in the current year by the application of HKFRS 15 as compared to those superseded standards including HKAS 11, HKAS 18 and the related interpretations. Other than the reclassifications of gross amounts due from customers for contract works and retention monies receivables to contract assets as described above, the transition to HKFRS 15 did not have material effects on other financial statement line items in the current year.

*Adoption of Hong Kong Financial Reporting Standard HKFRS 9 "Financial Instruments" ("**HKFRS 9**")*

The Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs for the first time in the current year. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "*Financial Instruments: Recognition and Measurement*" ("**HKAS 39**").

Summary of effects arising from initial application of HKFRS 9

Impact on the consolidated statement of financial position

The table below illustrates the classification and measurement (including impairment) of financial assets, contract assets and deferred tax assets which are subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application as at 1 April 2018.

	Financial assets and contract assets	**Original measurement category under HKAS 39**	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39**	**Additional loss allowance recognised and the respective deferred tax impact**	**New carrying amount under HKFRS 9**
				HK$'000	*HK$'000*	*HK$'000*
1	Contract assets	NA	NA	51,440*	(205)	51,235
2	Trade and other receivables	Loan and receivables	Financial assets at amortised cost	28,486*	(45)	28,441
3	Bank balances	Loan and receivables	Financial assets at amortised cost	62,915	–	62,915
4	Restricted cash	Loan and receivables	Financial assets at amortised cost	820	–	820
					(250)	
	Recognition of deferred tax assets				41	
					(209)	

* Those amounts are after the adjustments from the application of HKFRS 15.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the trade receivables and contract assets have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate grouping.

The Group applies the HKFRS 9 general approach to measure ECL on deposits and other receivables. The Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-month ECL ("**12m ECL**"), since there has not been a significant increase in credit risk since initial recognition for deposits and other receivables. The ECL for bank balances are insignificant because such assets are placed in banks with good reputation and there has been no recent history of default in relation to these banks.

As at 1 April 2018, the additional credit loss allowance of approximately HK$250,000, together with the recognition of the corresponding deferred effects as deferred tax assets of approximately HK$41,000, totaling approximately HK$209,000 has been recognised against retained earnings as at 1 April 2018. The additional loss allowance is charged against the respective asset.

The additional impairment loss allowance upon the initial application of HKFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset and contract assets.

All loss allowances for financial assets and contract assets as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Contract assets *HK$'000* *(Note 17)*	**Trade and other receivables** *HK$'000* *(Note 19)*	**Total** *HK$'000*
Closing balance as at 31 March 2018	–	69	69
Amounts remeasured through opening retained earnings	205	45	250
Opening balances as at 1 April 2018	**205**	**114**	**319**

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line item affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (Audited)	**HKFRS 15**	**HKFRS 9**	**1 April 2018 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Contract assets	–	51,440	(205)	51,235
Gross amounts due from customers for contract work	19,074	(19,074)	–	–
Trade and other receivables	63,732	(35,246)	(45)	28,441
Equity				
Reserves — Retained earnings	44,844	516	(209)	45,151
Non-current liabilities				
Deferred tax liabilities	402	(13)	(41)	348
Current liabilities				
Gross amounts due to customers for contract work	3,515	(3,515)	–	–
Current income tax liabilities	2,076	132	–	2,208

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting[5]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

*HKFRS 16 "Leases" ("**HKFRS 16**")*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangement and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements.

Total operating lease commitment of the Group as at 31 March 2019 amounted to approximately HK$569,000 (Note 28). The directors of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Except for the new HKFRS mentioned below, the directors of the Company anticipated that the application of all other new and amendments to HKFRSs would have no material impact on the consolidated financial statements in the foreseeable future.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(a) Business combination

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

(b) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.6 Plant and equipment

The plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

Office equipment	20%
Motor vehicles	25%
Machinery and equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.8 Financial instruments (before adoption of HKFRS 9 on 1 April 2018)

2.8.1 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "bank balances" and "restricted cash" in the consolidated statement of financial position.

2.8.2 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018)

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 since 1 April 2018. 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) 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 fair value through profit or loss 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.

2.9.1 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 hold financial assets in order 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.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, expect for financial assets that have subsequently become credit-impaired. 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.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debt instruments at amortised cost, trade and other receivables, bank balances and restricted cash). 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, 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.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

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

(a) 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;

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

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

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

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.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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.

(b) 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.

(c) 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:

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

(d) 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. 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.

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Aging of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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 and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("**pass through**" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

2.9.2 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.

(a) Equity instrument

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 issued 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.

(b) Financial liabilities

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

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables 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.

2.9.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.10 Gross amounts due from/to customers for contract work (before adoption of HKFRS 15 on 1 April 2018)

A construction contract is defined in HKAS 11 as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, and the stage of completion are measured based on surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade and other receivables".

The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at their transaction price as determined under HKFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

2.16 Borrowing costs

General and specific 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.

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.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) Employee leave entitlements

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

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

(b) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) ***Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(d) ***Bonus plans***

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

2.19 Provisions

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

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

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

2.20 Contingent liabilities and contingent assets

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

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

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

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

2.21 Revenue (before adoption of HKFRS 15 on 1 April 2018)

Revenue from provision of wet trades works services

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

Revenue from contract work is recognised based on the percentage of completion of the contracts, provided that the percentage of contract completion and the gross billing value of contracting work can be measured reliably. The percentage of completion of a contract is established by reference to the construction works certified by the customer.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

2.22 Revenue from contracts with customers (after adoption of HKFRS 15 on 1 April 2018)

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

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

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

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct 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 entity's performance as the entity performs; or
- 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.

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

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.

Revenue from provision of wet trades works services

(a) Recognition

The Group provides wet trades works (including tile laying, brick laying, plastering, floor screeding and marble works) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the works at the customers' specified sites such that the Group's performance creates or enhances an asset that the customer controls as the Group performs.

Revenue is recognised progressively using output method which recognises revenue on the basis of direct measurements of the value to the customer of the promised goods or services transferred to date relative to the remaining goods or services promised under the contract with the customer. The progress towards complete satisfaction of the performance obligations in the contract is determined based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15.

(b) Variable consideration

The Group considers both the terms of the contracts entered into with its customers and its customary business practices to determine the transaction prices for each of its construction projects. The Group determines the transaction price as the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to the customer. When estimating transaction prices for construction projects in progress, the Group recognises that the amounts of consideration would vary because of price discounts and rebates, which are usually finalised and agreed with the customers during the final certification stage of the projects. Although such variability relating to the consideration promised by the customers are not explicitly stated in the contracts, the Group considers that the customers have valid expectations arising from customary business practices that the price concessions would be given to the customers at the end of the construction projects. Hence the estimates of variable consideration are typically constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(c) Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for 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 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.

After adoption of HKFRS 9 on 1 April 2018, contract assets are assessed for impairment using the same lifetime ECL methodology as that for trade receivables, as described in Note 2.9.1 for financial assets.

2.23 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank overdrafts. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong dollar prime rate arising from the Group's Hong Kong dollar denominated bank overdrafts.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate when the need arises.

As the Group has no significant interest-bearing assets and liabilities as at the end of the financial reporting period, the Group's income and operating cash flows are substantially independent of changes in market interest rates and the directors of the Company consider that the cash flow and fair value interest rate risk is insignificant to the Group.

(b) Credit risk

Credit risk arises mainly from trade and other receivables, bank balances, restricted cash and contract assets. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets and contract assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances and restricted cash are limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

Under HKAS 39

In order to minimise the credit risk on trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

Under HKFRS 9

The Group's credit risk is primarily attributable to its trade and other receivables and contract assets. In order to minimise the credit risk, the Group has applied the simplified approach under HKFRS 9 to measure the loss allowance at lifetime ECL. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

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

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

Category	Group definition of category	Basis for recognition of ECL Trade receivables and contract assets	 Other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit impaired	Lifetime ECL — not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit impaired	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

The Group applies individual assessment and/or collectively using a provision matrix with appropriate groupings to measure the expected credit losses prescribed by HKFRS 9 as stated in below:

The expected credit loss rates applied in the individual assessment are estimated based on historical observed default rates over the expected life of the debtors and internal credit rating by reference to a study of other corporates' default and recovery data from international credit rating agencies, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue costs or efforts. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

The expected credit loss rates applied in the provision matrix are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Relevant information with regard to the exposure of credit risk and expected credit losses for contract assets and trade and other receivables as at 31 March 2019 are set out in Notes 17 and 19.

The Group made no write-off on trade and other receivables and contract assets during the year ended 31 March 2019.

Concentration of credit risk

The Group has concentration of credit risk in trade and other receivables and contract assets as there was one customer (2018: one customer) which individually contributed over 10% of the Group's trade and other receivables and contract assets. The aggregate amounts of trade and other receivables and contract assets from this customer amounted to 61.8% (2018: 23.9%) of the Group's total trade and other receivables and contract assets as at 31 March 2019. This customer which is the Group's largest customer whom there is no recent history of default and is a company listed in Hong Kong and is part of a leading well known conglomerate in Hong Kong. The Group has categorised this customer as "Performing" and determined its loss allowance based on lifetime ECL. For the detail on the loss allowance please refer to Note 19.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group may be required to pay.

	On demand or within one year	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019				
Trade and other payables	**14,704**	**–**	**–**	**14,704**
As at 31 March 2018				
Trade and other payables	29,096	–	–	29,096

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity.

The Group has no interest-bearing liabilities for the reporting dates, and which no gearing ratio was presented.

3.3 Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cashflow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimated impairment of trade receivables and contract assets

The directors of the Group estimate the amount of loss allowance for trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of the credit risk of trade receivables and contract assets involves high degree of estimation and uncertainty as the directors of the Group estimates the loss rates for debtors by using forward-looking information. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly. For details of impairment assessment, please refer to Notes 17 and 19.

Stage of completion of construction works

The Group recognises its contract revenue according to the stage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period and actual cost or revenue may be higher or lower than estimated at the end of the reporting period, which could affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

5. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue are recognised during the reporting period are as follows:

(a) Disaggregation of revenue from contracts with customers

	2019	2018
	HK$'000	*HK$'000*
By timing of revenue recognition:		
Control transferred over time	**364,165**	408,944

	2019	2018
	HK$'000	*HK$'000*
By type of services:		
Provision of wet trades works services	**364,165**	408,944

(b) Transaction price allocated to the remaining performance obligations

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

	2019
	HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	**127,052**

The Group applies the practical expedient in paragraph C5(d) of HKFRS 15 and does not disclose information about remaining performance obligations as at 31 March 2018 expected to be satisfied in the future.

(c) Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**273,667**[2]	206,667[2]
Customer B	**42,023**	NA[1]
Customer C	**NA**[1]	85,324[2]

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

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

6. OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue are recognised during the reporting period are as follows:

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**448**	228
Gain on disposal of plant and equipment	**–**	1
Others	**6**	54
Reversal of loss allowance *(Notes 17 and 19)*	**151**	5,109
	605	5,392

7. PROFIT BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of owned assets	**1,409**	867
Less: Amount included in gross amounts due from/(to) customers for contract work	**–**	(31)
	1,409	836
Operating lease rental in respect of machinery and equipment	**228**	396
Add: Amount included in gross amounts due from/(to) customers for contract work	**–**	39
	228	435
Auditors' remuneration	**1,000**	1,000
Listing expenses	**–**	13,581
Operating lease rental in respect of		
— Premises	**680**	632
— Car parks	**81**	64
Provision for loss allowance *(Notes 17 and 19)*	**1,723**	2,513
Subcontracting fee included in direct costs	**268,522**	303,532
Staff costs, including directors' emoluments *(Note 8)*	**17,219**	18,851

8. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and other benefits in kind	**16,646**	17,202
Retirement scheme contributions		
— defined contribution plan	**573**	610
	17,219	17,812
Add: Amount included in gross amounts due from/(to) customers for contract work	**–**	1,039
	17,219	18,851

The Group operates defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance. All assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

9. BENEFIT AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive for the year ended 31 March 2018 and 2019 is set out below:

	Fee	**Salaries, allowances and benefit in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 March 2019					
Executive directors					
Mr. Eric Tse *(Note (i))*	**–**	**840**	**35**	**–**	**875**
Mr. CK Tse *(Note (i))*	**–**	**840**	**35**	**–**	**875**
Ms. Tse Ming Hei ("**Ms. Tse**") *(Note (ii))*	**–**	**212**	**20**	**8**	**240**
Independent non-executive directors					
Mr. Tang Chi Wai *(Note (iii))*	**180**	**–**	**–**	**–**	**180**
Ms. Chung Lai Ling *(Note (iii))*	**180**	**–**	**–**	**–**	**180**
Mr. Wong Yiu Kwong Kenji *(Note (iii))*	**180**	**–**	**–**	**–**	**180**
Non-executive director					
Mr. Chan Wai Lung *(Note (iv))*	**116**	**–**	**–**	**–**	**116**
	656	**1,892**	**90**	**8**	**2,646**

	Fee	Salaries, allowances and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2018					
Executive directors					
Mr. Eric Tse *(Note (i))*	–	840	–	–	840
Mr. CK Tse *(Note (i))*	–	840	–	–	840
Ms. Tse *(Note (ii))*	–	480	60	18	558
Independent non-executive directors					
Mr. Tang Chi Wai *(Note (iii))*	100	–	–	–	100
Ms. Chung Lai Ling *(Note (iii))*	100	–	–	–	100
Mr. Wong Yiu Kwong Kenji *(Note (iii))*	100	–	–	–	100
	300	2,160	60	18	2,538

During the year ended 31 March 2019, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2019 (2018: Nil).

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

Notes:

(i) Mr. Eric Tse and Mr. CK Tse were appointed as directors of the Company on 12 April 2017 and redesignated as executive directors of the Company on 14 September 2017. They were also directors of certain subsidiaries of the Company and/or employees of the Group for the year ended 31 March 2018 and 2019 and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company. Mr. Eric Tse is also appointed as chief executive director of the Company on 10 September 2018.

(ii) Ms. Tse was appointed as director of the Company on 12 April 2017 and redesignated as executive director of the Company on 14 September 2017. Ms. Tse is the chief executive officer of the Company during the year ended 31 March 2018 up to 10 September 2018 the date of her resignation as executive director of the Company.

(iii) Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai were appointed as independent non-executive directors of the Company on 11 September 2017.

(iv) Ms. Chan Wai Lung was appointed as non-executive director of the Company on 10 August 2018.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two of them are directors for the year ended 31 March 2019 (2018: two), whose emoluments are disclosed above. The emoluments in respect of the remaining three individuals for the year ended 31 March 2019 are as follows (2018: three):

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and other benefits in kind	**1,680**	1,491
Discretionary bonuses	**–**	460
Retirement scheme contributions	**54**	54
	1,734	2,005

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000. During the year ended 31 March 2018 and 2019, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) compensation for loss of office as a director or management of any members of the Group.

10. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank overdrafts	**18**	215
	18	215

11. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current tax on profits for the year	**2,525**	4,887
Adjustment in respect of prior year	**–**	(42)
Current income tax	**2,525**	4,845
Deferred income tax *(Note 25)*	**–**	581
	2,525	5,426

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 gazette on the following day. The two-tiered profits tax rates regime will be applicable to a subsidiary of the Group for its annual reporting period beginning on or after 1 April 2018.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profit tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2019 (2018: 16.5%).

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax	**14,455**	18,667
Calculated at the statutory tax rate	**2,220**	3,080
Tax effects of:		
Income not subject to tax	**(74)**	(38)
Expenses not deductible for tax purposes	**–**	2,242
Tax losses for which no deferred income tax asset was recognised	**399**	214
Adjustment in respect of prior year	**–**	(42)
Tax concession	**(20)**	(30)
Income tax expense	**2,525**	5,426

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares (2018: weighted average number of ordinary shares) in issue during the year.

	2019	2018
	HK$'000	*HK$'000*
Profit attributable to owners of the Company (HK$'000)	**11,930**	13,241
Number of ordinary shares in issue/Weighted average number of ordinary shares in issue (thousands of shares)	**600,000**	525,616
	0.02	0.03

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 March 2018 and 2019.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

14. SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 March 2018 and 2019:

Name of subsidiary	**Legal form, date and place of incorporation/operations**	**Issued and fully paid up share capital**	**Proportion ownership interest held by the Company**	**Principal activities**
Noble Wisdom Holdings Limited ("**Noble Wisdom**")	Limited liability company incorporated on 5 January 2017, the BVI	US$4.00	100% (direct)	Investment holding
Eric Tse Cement Works Company Limited	Limited liability company incorporated on 8 October 1997, Hong Kong	HK$10,000,000.00	100% (indirect)	Provision of wet trades works in Hong Kong

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2019 HK$'000	2018 HK$'000
Financial assets		
At amortised costs:		
Trade and other receivables excluding prepayments	**21,064**	63,245
Bank balances	**53,849**	62,915
Restricted cash	**–**	820
	74,913	126,980
Financial liabilities		
At amortised costs:		
Trade and other payables	**14,704**	29,096

16. PLANT AND EQUIPMENT

	Office equipment HK$'000	Motor vehicles HK$'000	Machinery and equipment HK$'000	Total HK$'000
Cost				
As at 1 April 2017	205	1,319	3,038	4,562
Additions	32	–	2,211	2,243
Disposal	–	–	(168)	(168)
As at 31 March 2018	237	1,319	5,081	6,637
Accumulated depreciation				
As at 1 April 2017	14	1,175	1,370	2,559
Charge for the year	45	113	709	867
Disposal	–	–	(168)	(168)
As at 31 March 2018	59	1,288	1,911	3,258
Net book value				
As at 31 March 2018	178	31	3,170	3,379
Cost				
As at 1 April 2018	237	1,319	5,081	6,637
Additions	127	–	3,625	3,752
As at 31 March 2019	**364**	**1,319**	**8,706**	**10,389**
Accumulated depreciation				
As at 1 April 2018	**59**	**1,288**	**1,911**	**3,258**
Charge for the year	**48**	**31**	**1,330**	**1,409**
As at 31 March 2019	**107**	**1,319**	**3,241**	**4,667**
Net book value				
As at 31 March 2019	**257**	**–**	**5,465**	**5,722**

17. CONTRACT ASSETS

	2019	2018
	HK$'000	*HK$'000*
Contract assets	**60,619**	–
Less: loss allowance	**(1,721)**	–
	58,898	–

Contract assets are initially recognised for revenue earned from contract works as the Group's rights to receive consideration from its customers are conditional upon the completion of surveys of works carried out. Upon completion of the surveys of works, payment certificates would then be issued, upon which the Group's right to consideration become unconditional and the amounts recognised as contract assets are reclassified to trade receivables. Typically, the time interval between the performance of works and the Group's right to consideration becoming unconditional range from one to twelve months for the construction contracts engaged by the Group (2018: from one to two months), except for retention monies receivables (see below).

As at 31 March 2019, the balance of contract assets included retention monies receivables from customers amounting to HK$34,983,000, net provision for credit loss allowance.

The Group generally allows 3% to 10% of total contract price of its contracts as retention, which are unsecured, interest-free and recoverable at the completion of the defects liability period of individual contracts which range from 12 months to 24 months from the date of the completion of the respective contract. The Group is responsible for rectifying defects or imperfections in relation to the contract works done which are discovered after completion.

The due date for settlement of the Group's retention monies receivables are based on the completion of defects liability period as at 31 March 2019 as follows:

	31 March 2019
	HK$'000
Due within one year	**34,983**

The entire balance of the Group's retention receivables as at 31 March 2019 were not yet due. The Group does not hold any collateral over this balance.

Upon the application of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. To measure the expected credit losses, contract assets have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The expected credit losses below also incorporate forward looking information.

Provision for loss allowance in respect of retention monies receivables as at 31 March 2019 includes an amount of HK$1,536,000 in respect of a customer which was individually assessed to be credit impaired. Based on the Group's assessment of the poor financial condition of the customer, a 100% expected loss rate was applied to the retention monies receivables outstanding as at 31 March 2019.

	Contract assets
As at 31 March 2019	
Expected credit loss rate (average)	**2.84%**
Gross carrying amount (HK$'000)	**60,619**
Expected credit losses (HK$'000)	**1,721**

The movement in the provision for loss allowance in respect of contract assets during the year ended 31 March 2019 was as follows:

	Lifetime ECL	Lifetime ECL — credit impaired	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2018	–	–	–
Effect arising from initial application of HKFRS 9	160	45	205
As at 1 April 2018 (restated)	**160**	**45**	**205**
Provision made for the year	97	1,536	1,633
Reversal for the year	(72)	(45)	(117)
As at 31 March 2019	**185**	**1,536**	**1,721**

(a) Revenue recognised in relation to contract assets

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

	2019
	HK$'000
Transfers from the contract assets recognised at the beginning of the year to trade receivables	**29,264**

18. GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2019	2018
	HK$'000	*HK$'000*
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	**–**	563,633
Less: Progress billings received and receivables	**–**	(544,559)
	–	19,074
Gross amounts due to customers for contract work		
Progress billings received and receivables	**–**	273,779
Less: Contract costs incurred plus recognised profits less recognised losses	**–**	(270,264)
	–	3,515

19. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**18,400**	20,129
Less: Provision for loss allowance *(Note c)*	**(151)**	(69)
Trade receivables — net *(Note a)*	**18,249**	20,060
Retention *(Note b)*	**–**	35,246
Other receivables, deposits and prepayments	**4,514**	8,426
Less: Provision for loss allowance *(Note c)*	**(19)**	–
Other receivables, deposits and prepayments — net	**4,495**	8,426
	22,744	63,732

(a) Trade receivables

The credit period granted to customers are ranging from 17 to 33 days generally.

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**11,721**	17,413
31–60 days	**6,440**	2,631
61–90 days	**88**	16
	18,249	20,060

Trade receivables of approximately HK$10,112,000 as at 31 March 2019 were not yet past due (2018: approximately HK$18,715,000), and approximately HK$8,137,000 as at 31 March 2019 were past due but not impaired (2018: approximately HK$1,345,000). These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no written off has therefore been made. The ageing analysis of these trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**6,882**	1,329
31–60 days	**1,255**	16
	8,137	1,345

During the year ended 31 March 2019, the Group recognised a loss allowance of HK$151,000, on individual risk assessment and/or collectively using a provision matrix. The movement of the loss allowance is set out in Note c.

(b) Retention receivables were not past due as at 31 March 2018, and were to be settled in accordance with the terms of respective contract.

(c) Provision for loss allowance

Prior to the application of HKFRS 9 on 1 April 2018, the Group reviews trade and other receivables for evidence of impairment on both an individual and collective basis. Based on the impairment assessment, provision for impairment of trade and other receivables are recognised in respect of accurate due from debtors which were in financial difficulties in repaying the outstanding balances. Included in the provision for impairment of trade and other receivables, which was measured based on incurred credit losses under HKAS 39, as at 31 March 2018 was a provision for individually impaired trade receivables of approximately HK$69,000 with a carrying amount before provision of approximately HK$85,000.

Upon the application of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The expected credit losses below also incorporate forward-looking information.

	0–30 days	31–60 days	61–90 days	Over 90 days	Trade receivables Total
As at 31 March 2019					
Expected credit loss rate (average)	**0.05%**	**0.02%**	**0%**	**100%**	
Gross carrying amount (HK$'000)	**11,727**	**6,441**	**88**	**144**	**18,400**
Expected credit losses (HK$'000)	**6**	**1**	**–**	**144**	**151**

The movement in the provision for loss allowance in respect of trade receivables during the year ended 31 March 2019 was as follows:

	Lifetime ECL	Lifetime ECL — credit impaired	Total
	HK$'000	*HK$'000*	*HK$'000*
As 31 March 2017	–	–	–
Provision made for the year	–	69	69
As at 31 March 2018	–	69	69
Effect arising from initial application of HKFRS 9	8	–	8
As at 1 April 2018 (restated)	**8**	**69**	**77**
Provision made for the year	8	74	82
Reversal for the year	(8)	–	(8)
As at 31 March 2019	**8**	**143**	**151**

Provision for loss allowance in respect of trade receivable as at 31 March 2019 includes an amount of approximately HK$143,000 in respect of a customer which was individually assessed to be credit impaired. Based on the Group's assessment of the poor financial condition of the customer, a 100% expected loss rate was applied to the trade receivables outstanding as at 31 March 2019.

Upon the application of HKFRS 9 on 1 April 2019, the Group applies the general approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the 12m ECL for all the deposit and other receivables. To measure the expected credit losses, deposits and other receivables have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The expected credit losses below also incorporate forward looking information.

	Deposits and other receivables
As at 31 March 2019	
Expected credit loss rate (average)	**0.67%**
Gross carrying amount (HK$'000)	**2,834**
Expected credit losses (HK$'000)	**19**

The movement in the provision for loss allowance in respect of deposits and other receivables during the year ended 31 March 2019 was as follows:

	Deposits and other receivables *HK$'000*
As at 31 March 2017, 1 April 2017 and 31 March 2018	–
Effect arising from initial application of HKFRS 9	37
As at 1 April 2018 (restated)	**37**
Provision made for the year	8
Reversal for the year	(26)
As at 31 March 2019	**19**

(d) The carrying amounts of the Group's trade and other receivables are denominated in HK$.

(e) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

20. BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash at banks	**33,708**	57,915
Short-term bank deposit	**20,141**	5,000
	53,849	62,915
Less: Pledged bank deposits	**(5,088)**	–
Cash and cash equivalents	**48,761**	62,915

The cash and cash equivalents are denominated in HK$.

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

During the year ended 31 March 2018, the Group's banking facilities were secured by car parking spaces and properties owned by Mr. Eric Tse, Mr. CK Tse and their spouses, and personal guarantee granted by Mr. Eric Tse and Mr. CK Tse. The secured car parking spaces and properties owned by Mr. Eric Tse, Mr. CK Tse and their spouses, and personal guarantees granted by Mr. Eric Tse and Mr. CK Tse were released in September 2017.

As at 31 March 2019, the Group's banking facilities were secured by unlimited corporate guarantee executed by the Company and the pledged bank deposits with effective interest rate 1.5% and maturity of this deposits is 92 days.

21. RESTRICTED CASH

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

22. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	Notes	**Number of ordinary shares**	**Share Capital** *HK$'000*
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 April 2016 and 31 March 2017		–	–
Upon incorporation of the Company on 12 April 2017	*(a)*	10,000,000	100
Increase in number of authorised shares	*(b)*	1,490,000,000	14,900
As at 31 March 2018, 1 April 2018 and 31 March 2019		**1,500,000,000**	**15,000**
Issued and fully paid:			
As at 1 April 2016 and 31 March 2017		–	–
Upon incorporation of the Company on 12 April 2017	*(a)*	1	–
Shares issued upon the Reorganisation	*(c)*	9,999	–
Shares issued pursuant to the capitalisation issue	*(d)*	449,990,000	4,500
Shares issued pursuant to the share offer	*(e)*	150,000,000	1,500
As at 31 March 2018, 1 April 2018 and 31 March 2019		**600,000,000**	**6,000**

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 12 April 2017 with an initial authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares of HK$0.01 each and one nil-paid subscriber share was issued and allotted to the subscriber which was subsequently transferred to Land Noble on the same date.

(b) Pursuant to the resolutions passed by the sole shareholder of the Company on 14 September 2017, the authorised share capital of the Company was increased from HK$100,000 to HK$15,000,000 divided into 1,500,000,000 ordinary shares by the creation of an additional 1,490,000,000 ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing shares.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Noble Wisdom from Mr. Eric Tse and Mr. CK Tse on 6 September 2017, the Company issued and allotted 9,999 ordinary shares to Land Noble, all credited as fully paid respectively.

(d) Pursuant to a written resolution passed by the sole shareholder of the Company on 14 September 2017 and conditional upon the share premium account of the Company being credited as a result of the share offer, the Company authorised to allot and issued a total of 449,990,000 ordinary shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 14 September 2017 by way of capitalisation of the sum of approximately HK$4,500,000 standing to the credit of the share premium account of the Company.

(e) On 29 September 2017, upon its listing on the GEM of the Stock Exchange, the Company issued 150,000,000 new ordinary shares at an offer price of HK$0.47 each and raised gross proceeds of approximately HK$70,500,000.

23. RESERVES

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Other reserve

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

24. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 14 September 2017. The Scheme is to attract and retain the best personnel, to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants, advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors of the Company (or as the case maybe, the independent non-executive directors of the Company) from time to time on the basis of the directors' opinion as to their contribution or potential to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at anytime by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the total number of shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including lapsed or exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 21 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 14 September 2017, subject to early termination provisions contained in the Scheme.

No share options were granted, exercised, cancelled or lapsed since the adoption of the Scheme and there were no share option outstanding as at 31 March 2018 and 2019.

25. DEFERRED INCOME TAX

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

	Loss allowance on financial assets and contract assets *HK$'000*	Tax depreciation *HK$'000*	Total *HK$'000*
Deferred tax arising from:			
As at 1 April 2017	440	(261)	179
Charged to profit or loss *(Note 11)*	(428)	(153)	(581)
As at 31 March 2018	12	(414)	(402)
Effect arising from initial application of HKFRS 15	–	13	13
Effect arising from initial application of HKFRS 9	41	–	41
As at 1 April 2018 (restated)	**53**	**(401)**	**(348)**
Credited/(Charged) to profit or loss *(Note 11)*	259	(259)	–
As at 31 March 2019	**312**	**(660)**	**(348)**

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

As at 31 March 2019, the Group has unused tax losses of approximately HK$3,716,000 (2018: approximately HK$1,299,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

26. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**11,608**	26,018
Accruals and other payables	**3,096**	3,078
	14,704	29,096

Payment terms granted by suppliers of materials and subcontractors are ranging from 0 to 30 days generally.

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**11,592**	25,692
31–60 days	**16**	107
61–90 days	**–**	219
	11,608	26,018

All trade and other payables are denominated in HK$.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	As at 1 April 2017	**Cash flows**	**As at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due to directors	20,432	(20,432)	–

	As at 1 April 2018	**Cash flows**	**As at 31 March 2019**
	HK$'000	*HK$'000*	*HK$'000*
Pledged bank deposits	–	(5,088)	5,088

28. COMMITMENTS

Operating lease commitments — Group as lessee

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

	2019	2018
	HK$'000	*HK$'000*
Within one year	**563**	379
In the second to fifth years inclusive	**6**	–
	569	379

The Group is the lessee in respect of premises under operating leases. The leases typically run for initial periods of approximately 2 years, with an option to renew the leases when all terms are renegotiated.

29. RELATED PARTY TRANSACTION

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

(a) Save as disclosed in Note 20 to the consolidated financial statements, the Group did not have any significant related party transaction with related parties during the years ended 31 March 2018 and 2019.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the years ended 31 March 2018 and 2019 are disclosed in Note 9.

30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**41,890**	41,500
Current assets		
Prepayment	**233**	237
Amount due from a subsidiary	**42,721**	15,408
Bank balances	**17**	29,689
	42,971	45,334
Total assets	**84,861**	86,834
EQUITY		
Capital and reserves		
Share capital	**6,000**	6,000
Reserve *(Note a)*	**78,471**	80,834
Total equity	**84,471**	86,834
Current liabilities		
Amount due to a subsidiary	**390**	–
Total equity and liabilities	**84,861**	86,834
Net current assets	**42,581**	45,334
Total assets less current liabilities	**84,471**	86,834

Note (a): Reserve of the Company

	Share premium *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balance as at 12 April 2017 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(14,653)	(14,653)
Reorganisation	–	41,500	–	41,500
Shares issued pursuant to the capitalisation issue	(4,500)	–	–	(4,500)
Shares issued pursuant to the share offer	69,000	–	–	69,000
Shares issuance costs	(10,513)	–	–	(10,513)
Balance as at 31 March 2018	53,987	41,500	(14,653)	80,834
Loss and total comprehensive expense for the year	–	–	(2,363)	(2,363)
Balance as at 31 March 2019	**53,987**	**41,500**	**(17,016)**	**78,471**

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

The Group performs wet trades works as a subcontractor in Hong Kong.

For the year ended 31 March 2019, the Group recorded a net profit of approximately HK$11.9 million as compared to a net profit of approximately HK$13.2 million for the same period in 2018. The Directors are of the view that the decrease of net profit was mainly attributable to the decrease in revenue and reversal of loss allowance , and increase in professional expenses for the year ended 31 March 2019.

OUTLOOK

The Shares were listed on GEM on 29 September 2017 by way of share offer (the "**Share Offer**"). The Group always strives to improve our operating efficiency and profitability. The Group plans to expand our fleet of machinery and equipment, which will enhance the basis of our technical capability to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and our market share and undertake more wet trades projects which will enhance value to our shareholders.

The net proceeds from the Share Offer provide financial resources to the Group to meet and achieve our business objectives and strategies which can strengthen the Group's market position in wet trades works services.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2019, the Group's revenue amounted to approximately HK$364.2 million, which decreased by approximately 10.9% as compared to the same period in 2018. The decrease in revenue was mainly due to decreased value of contracts awarded during the year ended 31 March 2019 and that majority of our contracts were mostly completed in the third quarter of calendar year 2018.

Gross profit margin

Our gross profit decreased by approximately HK$12.6 million or 29.7%, from approximately HK$42.4 million for the year ended 31 March 2018 to approximately HK$29.8 million for the year ended 31 March 2019. The decrease in the Group's gross profit was primarily due to the decrease in our revenue. The Group's gross profit margin decreased from 10.4% for the year ended 31 March 2018 to 8.2% for the year ended 31 March 2019, which was primarily due to the increase in the rates charged by our subcontractors.

Other income and gain

Other income and gain decreased by approximately HK$4.8 million from approximately HK$5.4 million for the year ended 31 March 2018 to approximately HK$605,000 for the year ended 31 March 2019. The decrease was mainly due to the decrease of reversal of loss allowance for the year ended 31 March 2019.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK$12.9 million or 44.6% from approximately HK$28.9 million for the year ended 31 March 2018 to approximately HK$16.0 million for the year ended 31 March 2019. The decrease was mainly due to non-recurring listing expenses of approximately HK$13.6 million incurred for the year ended 31 March 2018, while partially offset by the professional expenses of approximately HK$5.1 million incurred for the year ended 31 March 2019 (2018: approximately HK$2.6 million).

Finance costs

Finance costs decreased by 91.6% to approximately HK$18,000 for the year ended 31 March 2019 from approximately HK$215,000 for the same period in 2018, which was mainly due to decrease in bank overdrafts interest for the year ended 31 March 2019.

Profit for the year

For the year ended 31 March 2019, the Group recorded profit attributed to owners of the Company of approximately HK$11.9 million as compared to profit for the year ended 31 March 2018 of approximately HK$13.2 million. The decrease was mainly attributable to the decrease in gross profit and reversal of loss allowance, and increase in professional expenses.

Final dividend

The Directors do not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).

Capital structure

The Shares were listed on GEM by way of Share Offer of 150,000,000 Shares at a price of HK$0.47 per share on 29 September 2017. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement.

Liquidity, financial resource and funding

We financed our operations primarily through cash generated from our operating activities. During the year ended 31 March 2019, we did not have any bank borrowings. As at 31 March 2019, we had cash and cash equivalents of approximately HK$48.8 million (2018: approximately HK$62.9 million) and pledged bank deposits of approximately HK$5.1 million (2018: nil).

Our primary uses of cash and cash equivalents have been and are expected to continue to be operating costs and capital expenditure.

Gearing ratio

The gearing ratio for the Group as at 31 March 2019 was nil (2018: Nil). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Treasury policy

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Material acquisitions and disposals of subsidiaries and affiliated companies

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2019.

Significant investments held by the Group

During the year ended 31 March 2019, there was no significant investment held by the Group.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2019.

Foreign exchange exposure

Most of our Group's transactions are denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Charge of Group assets

As at 31 March 2019, aside from pledged bank deposit of approximately HK$5.1 million, no asset of the Group was pledged as security for bank borrowing or any other financing facilities (2018: Nil).

Capital expenditure

Total capital expenditure for the year ended 31 March 2019 was approximately HK$3.8 million, which was used in the purchase of plant and equipment.

Contingent liabilities

As at 31 March 2019, the Group had no significant contingent liabilities.

Capital commitments

As at 31 March 2019, the Group had no significant capital commitments.

Use of proceeds

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$41.3 million. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the Listing as at 31 March 2019 is set out below:

	Total planned use of net proceeds as stated in the Prospectus *HK$ million*	**Planned use of net proceeds up to 31 March 2019 as stated in the Prospectus** *HK$ million*	**Actual use of net proceeds up to 31 March 2019** *HK$ million*
Taking out surety bonds for contracts we plan to tender	20.3	17.0	20.3
Further strengthening our manpower	8.0	7.6	2.4
Acquisition of machinery and equipment	7.7	5.6	5.9
Repayment of bank overdraft facility	3.2	3.2	3.2
General working capital	2.1	2.1	2.1

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules since the Listing Date up to the date of this announcement. During the year ended 31 March 2019, to the best knowledge of the Board, the Company has complied with the code provisions of the CG Code.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The state of affairs of the Group as at 31 March 2019 are set out in the consolidated statement of financial position. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 29 September 2017. The chairman of the Audit Committee is Mr. Tang Chi Wai, an independent non-executive Director of the Company, and other members included Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling, each an independent non-executive Director.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2019. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board
Noble Engineering Group Holdings Limited
Tse Chun Yuen
Chairman and Executive Director

Hong Kong, 25 June 2019

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen and Mr. Tse Chun Kuen, the non-executive Director is Mr. Chan Wai Lung and the independent non-executive Directors are Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Company Announcements" page for at least 7 days from the date of its posting and will be published on the Company's website at www.nobleengineering.com.hk.