GAIN PLUS HOLDINGS LIMITED
德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 8522

2018-19 Annual Report

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.

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This annual report, for which the directors (the "Directors") of Gain Plus Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") 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 annual report 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 herein or this annual report misleading.

This annual report is prepared in English language and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

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Corporate Information

Board of Directors

Executive Directors

Mr. Tsang Chiu Kwan *(Chairman)*
Mr. Tsang Man Ping *(Chief Executive Officer)*
Mr. Lee Alexander Patrick

Independent non-executive Directors

Mr. So Chun Man
Mr. Chen Yeung Tak
Ms. Li Amanda Ching Man

Compliance Officer

Mr. Tsang Chiu Kwan

Authorised Representatives

Mr. Tsang Chiu Kwan
Mr. Tsang Man Ping

Company Secretary

Mr. Kwong Chun Ming Alex *(HKICPA)*

Audit Committee

Mr. Chen Yeung Tak *(Chairman)*
Mr. So Chun Man
Ms. Li Amanda Ching Man

Remuneration Committee

Mr. So Chun Man *(Chairman)*
Mr. Chen Yeung Tak
Ms. Li Amanda Ching Man

Nomination Committee

Ms. Li Amanda Ching Man *(Chairman)*
Mr. So Chun Man
Mr. Chen Yeung Tak

Compliance Advisor

Innovax Capital Limited
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

DBS Bank (Hong Kong) Limited
11th Floor, the Center
99 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

Registered Office

P.O. Box 1350, Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Unit 1323A, Level 13
Landmark North
39 Lung Sum Avenue
Sheung Shui, the New Territories
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Estera Trust (Cayman) Limited
P.O. Box 1350, Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Register and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Company's Website

www.doublegain.hk

Stock Code

8522

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of Gain Plus Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 March 2019 ("**Year**").

Business Review

For the year ended 31 March 2019, the Group achieved an increase in revenue of approximately HK$878.8 million or 66.7%. Such increase mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects, namely RMAA Services of all aided schools at the New Territories east of Hong Kong and maintenance and repair work for Hong Kong Government properties on Hong Kong Island and at the New Territories east and outlying islands of Hong Kong. Our revenue rendered from building construction services increase from approximately HK$95.7 million for the year ended 31 March 2018 to approximately HK$230.5 million for the Year. Such increase was mainly due to increase in value of work certified of projects namely superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works.

The Group's profit attributable to shareholders increased from approximately HK$9.7 million for the year ended 31 March 2018 to HK$38.3 million for the year ended 31 March 2019, the increase in profit attributable to shareholders was mainly due to the increase in revenue and cost of services, non-recurring listing expenses of approximately HK$15.6 million incurred during the year ended 31 March 2018 and partially offset by increase in administration expenses during the year ended 31 March 2019.

Forward

Looking ahead, the Group is positive about the prospects of the construction market and will continue to focus on our core business.

Appreciation

I wish to take this opportunity to extend my sincere thanks to our shareholders, business partners and customers for their ongoing support to the Group. At the same time, I would like to express my appreciation to my fellow Directors, the Group's management team and staff members for their substantial contribution and unwavering dedication to the Group.

Gain Plus Holdings Limited
Tsang Chiu Kwan
Chairman

Hong Kong, 5 June 2019

Management Discussion and Analysis

Business Review and Outlook

Our Group is an established construction contractor in Hong Kong founded in 2004, principally engaged in subcontracting works providing repair, maintenance, addition and alteration services (“**RMAA Services**”) and building construction services. Our RMAA Services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as columbarium blocks, demolition of staff quarters, road enhancement works and lift tower.

Looking forward, the Directors consider that the future opportunities and challenges which the Group face will be affected by the availability of construction projects from the public and private sectors in Hong Kong.

With the Group’s reputation in the Hong Kong construction industry, long-term relationship with certain major customers, suppliers and subcontractors, and the experienced and professional management team, the Directors consider that the Group is well-positioned to compete against its competitors under future challenges that are commonly faced by all competitors. The Group will continue to strengthen the market position in the industry and expand the market share and further strengthen our manpower by utilising the net proceeds from the listing of shares of the Company on GEM of the Stock Exchange (the “**Listing**”).

Our Group is positive about the prospects of the construction market and will continue to focus on our core business. Our Group will further develop private sectors, seek for appropriate projects that cope with the strategy of our Group.

Financial Review

Revenue

Our revenue increased from approximately HK$527.1 million for the year ended 31 March 2018 to approximately HK$878.8 million for the Year. The increase was mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects, namely RMAA Services of all aided schools at the New Territories east of Hong Kong and maintenance and repair work for Hong Kong Government properties on Hong Kong Island and at the New Territories east and outlying islands of Hong Kong. Our revenue rendered from building construction services increase from approximately HK$95.7 million for the year ended 31 March 2018 to approximately HK$230.5 million for the Year. Such increase was mainly due to increase in value of work certified of projects namely superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works.

Cost of Services

Our cost of services increased from approximately HK$485.2 million for the year ended 31 March 2018 to approximately HK$816.4 million for the Year, which is in line with the increase in revenue for the year ended 31 March 2018 as compared to that for the Year.

Gross Profit

Our gross profit increased from approximately HK$41.9 million for the year ended 31 March 2018 to approximately HK$62.3 million for the Year. Our gross profit margin decreased from approximately 8.0% for the year ended 31 March 2018 to approximately 7.1% for the Year. Such decrease was mainly attributable to the decrease in the gross profit margin of RMAA Services.

Other Income and Gains and Losses

Our other income increased from approximately HK$0.6 million for the year ended 31 March 2018 to approximately HK$0.8 million for the Year. The increase was mainly attributable to the increase in bank interest income.

Management Discussion and Analysis

Administrative Expenses

Our Group's administrative expenses increased from approximately HK$12.0 million for the year ended 31 March 2018 to approximately HK$16.0 million for the Year. The increase was mainly attributable to the increase in staff costs including directors' remuneration.

Listing Expenses

For the year ended 31 March 2018, the Group recognised non-recurring Listing expenses of approximately HK$15.6 million in relation to the Listing. No such expenses were incurred for the year.

Finance Costs

Our Group's finance costs increased by approximately HK$0.3 million for the Year, which was mainly due to increase in interest on bank borrowings as a result of new bank borrowings.

Income Tax Expenses

The income tax expenses increased by approximately HK$7.7 million for the Year. Our effective tax rate was approximately 16.7% for the Year, which was almost the same as per the effective tax rate of 16.7%, after excluding the non-deductible expense of Listing expenses of approximately HK$15.6 million for the year ended 31 March 2018.

Profit for the year

Our Group's net profit increased from approximately HK$9.7 million for the year ended 31 March 2018 to approximately HK$38.3 million for the Year. Such increase was mainly attributable to the increase in revenue and cost of services as explained above, non-recurring Listing expanses incurred during the year ended 31 March 2018 and partially offset by the increase in administrative expenses.

Dividend

The Directors do not recommended the payment of a final dividend for the year ended 31 March 2019.

Liquidity and Financial Resources

The Group maintained a sound financial position during the Year. As at 31 March 2019, the Group had bank balances and cash of approximately HK$91.9 million (2018: approximately HK$69.0 million). The total interest-bearing borrowings, including obligations under finance leases and bank borrowings, of the Group as at 31 March 2019 was approximately HK$7.2 million (2018: approximately HK$2.2 million), and the current ratio as at 31 March 2019 was approximately 2.2 (2018: approximately 2.1).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2019 was approximately 4.5% (2018: approximately 1.8%), which increased as the Group obtained new bank borrowings during the Year. The gearing ratio is calculated by dividing the total debt which represents obligations under finance leases and bank borrowings by total equity as at the end of the years multiplied by 100%.

Capital Structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 13 February 2018 (the "**Listing Date**"). There has been no change in the capital structure of the Company since then. The share capital of the Group only comprises of ordinary shares.

Management Discussion and Analysis

Commitment

The operating lease commitment of the Group was related to the lease of its office, workshops and warehouses. The Group's operating lease commitment amounted to approximately HK$0.3 million as at 31 March 2019 (2018: HK$0.3 million).

The capital commitment of the Group was capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements. As at 31 March 2019, there was no capital commitment (2018: HK$0.8 million).

Segment Information

Segment information is disclosed in note 6 of the notes to the consolidated financial statements.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed "Future plans and use of proceeds" of the Prospectus, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant Investment

As at 31 March 2019 and 2018, the Group did not hold any significant investment.

Contingent Liabilities

As at 31 March 2019 and 2018, the Group did not have material contingent liabilities.

Exposure to Exchange Rate Fluctuation

The Group's revenue generating operations are mainly transacted in Hong Kong Dollars. The Directors consider that the impact of foreign exchange exposure to the Group is minimal.

Charge of Group's Assets

As at 31 March 2019, the Group did not charge any of Group's assets.

Employees and Remuneration Policies

As at 31 March 2019, the Group had a total of 250 employees (2018: 144 employees). The Group's gross staff costs for the year ended 31 March 2019 amounted to approximately HK$60.1 million (2018: HK$41.1 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. There was no forfeited contribution under Mandatory Provident Fund scheme during the year ended 31 March 2019. We provide various types of trainings to our employees and sponsor our employees to attend training courses.

Management Discussion and Analysis

The remuneration to members of senior management by band for year ended 31 March 2019 is set out below:

	No. of individual
HK$nil to HK$1,000,000	3

Events After the Reporting Period

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2019.

Comparison of Business Strategies and Actual Business Progress

An analysis comparing the business strategies as disclosed in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2019 is set out below:

Business objectives	Progress
Continue to strengthen our market position in the industry and expand our market share in Hong Kong	The Group continues being invited to submit 7 tenders and provide 5 quotations
Further strengthening our manpower	The Group continues to expend our labour resources, recruited 106 additional staff

For details of the implementation of the abovementioned business strategies, please refer to section headed "Use of Proceeds" in this annual report.

Use of Proceeds

The final offer price for the Listing was HK$0.80 per share, and the actual net proceeds from the Listing were approximately HK$51.8 million, after deducting the listing-related expenses of approximately HK$22.6 million (of which, approximately HK$15.6 million and HK$7.0 million are recognised in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity, respectively). This amount was higher than the estimated net proceeds of approximately HK$44.1 million, which was based on a mid-point offer price of HK$0.70 per share, as disclosed in the Prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of proceeds, applying all surplus proceed to obtain surety bonds, as shown in the Prospectus:

	Adjusted use of net proceeds HK$ million	Planed use of net proceeds for Listing Date to 31 March 2019 HK$ million	Actual use of net proceeds up to 31 March 2019 HK$ million
The recruitment and retaining of additional staff	21.2	12.9	8.3
The surety bond	23.7	16.0	10.0
Purchase of machineries and motor vehicles	2.9	2.9	1.6
Working capital	4.0	N/A	4.0
Total	51.8		23.9

The net proceeds are designated for the purposes in accordance with disclosures in the Prospectus.

The Company intends to continue to apply the net proceeds in accordance with the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Tsang Chiu Kwan ("Mr. CK Tsang"), aged 55, was appointed as our Director on 4 July 2017 and appointed as Chairman of the Board and re-designated as executive Director on 27 July 2017. Mr. CK Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group.

Mr. CK Tsang has completed a two year part-time technician programme and was awarded the certificate in electrical engineering from Kwai Chung Technical Institute (former name of the Hong Kong Institute of Vocational Education (Kwai Chung)) in July 1987. He completed the higher certificate programme on modern factory management at the Hong Kong Management Association in December 1994 and the diploma in business management programme jointly organised by the Hong Kong Polytechnic University and the Hong Kong Management Association in September 2000.

Mr. CK Tsang has over 16 years of experience in the construction industry. Prior to joining our Group, Mr. CK Tsang served as an engineer and was responsible for the equipment maintenance and production supervision in Motorola Semiconductors (HK) Limited from July 1988 to June 2001. Between May 2002 to March 2006, he served as a director in Gowin Engineering Co., Limited where he was responsible for the development and execution of business strategies.

Mr. Tsang Man Ping ("Mr. MP Tsang"), aged 46, was appointed as our Director on 4 July 2017 and appointed as the chief executive officer of our Group and re-designated as our executive Director on 27 July 2017. Mr. MP Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the execution of day-to-day project management of our Group.

Mr. MP Tsang attended Yuen Long Merchants Association Secondary School. Mr. MP Tsang has over 23 years of experience in the construction industry. He was a sole proprietor of the unlimited company Shing Lee Engineering Company throughout the period from January 1996 to December 2004. Shing Lee Engineering Company was engaged in the provision of fitting out works and Mr. MP Tsang was responsible for the development and execution of business strategies. In 2004, Mr. MP Tsang co-founded Double Gain and subsequently ceased to carry out business through Shing Lee Engineering Company in around 2005 when it was dissolved while solvent.

Mr. Lee Alexander Patrick, aged 38, was appointed as our Director on 4 July 2017 and re-designated as our executive Director on 27 July 2017. He is responsible for the overall strategic planning and business development of our Group. Mr. Lee obtained his Bachelor of Arts degree in Economics and Music from Emory University, the United States in December 2007. Further, he is a member of The Hong Kong Institute of Directors since July 2017.

From May 2005 to March 2011, Mr. Lee worked in various institutions whereby he, inter alia, advised on business strategies in relation to acquisition or investment opportunities. From May 2005 to April 2008, Mr. Lee was a director of Trulink Limited, an advisory firm, where he was responsible for conducting analysis on investment opportunities and providing overall support to the firm's overall strategic advisory work. He subsequently joined the private banking department of J.P Morgan from April 2008 to December 2009 under the category of Professional Exempt in Private Banking. From January 2010 to November 2010, Mr. Lee was employed by TrendsFormation Capital Limited as business development manager and by Solar Trends Technology Limited (a subsidiary of TrendsFormation Capital Limited) for the period from November 2010 until March 2011 as director and business development manager where he was responsible for inter alia executing business strategies, projecting tendering and setting up regional teams in Hong Kong and Indonesia. For the period between April 2011 to May

Biographical Details of Directors and Senior Management

2012, Mr. Lee worked for the group companies of Morgan Stanley, Hong Kong as an analyst in the international wealth management division in Hong Kong where he was responsible for expanding the PRC client base. Mr. Lee then worked in the capacity of vice president of the private banking department for Credit Suisse, Hong Kong for the period between August 2012 to January 2013. From February 2014 to June 2015, Mr. Lee worked for BOCI-Prudential Asset Management Limited as vice president of the quantitative strategy business unit of the company. He worked as an investment director during April 2016 to July 2017 and as a consultant since November 2017 for First Impression Limited, a consulting firm, where he was responsible for, inter alia, advising on investment structures and business development. Since June 2017, he is an independent non-executive director of SK Target Group Limited (a company listed on the Stock Exchange with stock code 8427), a company principally engaged in the manufacturing and sale of precast concrete telecommunication junction boxes and precast concrete electrical junction boxes in Malaysia.

Independent Non-executive Directors

Mr. So Chun Man, aged 44, was appointed as our independent non-executive Director on 23 January 2018. Mr. So obtained a Higher Certificate in Building Studies from Hong Kong Technical College in June 1998 and a Bachelor of Applied Science Construction Management and Economics from Curtin University of Technology, Australia in September 2001. He is a member of both the Australian Institute of Building and the Hong Kong Institute of Construction Managers since August 2005, an incorporate member of the Chartered Institute of Building United Kingdom since April 2007 and a member of the Chartered Association of Building Engineers since September 2015. Further, he was a Council Member of the Hong Kong General Building Contractor Association from 2015 to 2016. From July 2016 to June 2018, he was the Vice Honorary Secretary of the Hong Kong General Building Contractor Association. Since October 2016, he is the Honorary President of the Fire Safety Ambassador Honorary Presidents' Association of Fire Services Department. Since July 2018, he is the Vice President of the Hong Kong General Building Contractor Association.

Mr. So has over 27 years' experience in construction industry. From August 1991 to July 1997, Mr. So worked at WTP (Hong Kong) Limited with his last position as Assistant Quantity Surveyor. From October 1997 to March 2004, he worked at Chun Wo Construction & Engineering Co., Limited with his last position as Assistant Quantity Surveyor Manager. From April 2004 to May 2009 and from June 2009 to September 2010, he was a director of Fulluck Construction Engineering Limited and Joy Smart Construction Engineering Limited respectively. From March 2011 to March 2015, he worked as a project director for Yee Hop Engineering Co., Limited. From May 2015 to May 2017, he was a director for Rodney Construction & Engineering Co., Limited and he is currently the director of RS Construction Engineering Limited since October 2015.

Mr. Chen Yeung Tak, aged 34, was appointed as our independent non-executive Director on 23 January 2018. Mr. Chen obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chen has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

Mr. Chen has over 12 years of experience in auditing, accounting and financial management. Mr. Chen was employed, among others, by Fung, Yu & Co. CPA Limited from July 2006 to December 2010 with his last position as an assistant manager; Deloitte Touche Tohmatsu as a senior auditor from January 2011 to October 2012; and PYI Corporation Limited (a company listed on the Stock Exchange with stock code: 0498) from October 2012 to February 2015 with his last position as an accounting manager. Mr. Chen is currently the financial controller and company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code: 1751), a company principally engaged in concrete demolition works in Hong Kong and Macau, and an independent non-executive Director of AV Promotions Holding Limited (a company listed on the Stock Exchange with stock code: 8419), which principally provides one-stop visual, lighting and audio solutions in the PRC, Hong Kong and Macau.

Biographical Details of Directors and Senior Management

Ms. Li Amanda Ching Man, aged 43, was appointed as our independent non-executive Director on 23 January 2018. Ms. Li was granted a Bachelor of Commerce degree by the University of British Columbia in May 1998 and was admitted to the University of London Degree of Bachelor of Laws (long distance programme) in August 2001. She was conferred a Postgraduate Certificate in Laws by The University of Hong Kong in June 2003.

Ms. Li has over 13 years of experience as a legal practitioner. She was admitted as a solicitor of Hong Kong in November 2005. She worked as a trainee solicitor and an associate at Sidley Austin from September 2003 to August 2005, and September 2005 to June 2008 respectively, and as an associate at the corporate group of DLA Piper from June 2008 to November 2010. From February 2011 to March 2013, she worked as a manager at the investment products division of the Securities and Futures Commission. Ms. Li is currently a consultant at CFN Lawyers.

Senior Management

Mr. Tse Choi Lam, aged 46, is the senior project manager of our Group. He joined our Group in August 2011 as a site agent and was promoted to his current position in August 2018. He is responsible for the operation and management of the construction projects of our Group. He obtained the Certificate in Building Studies from Morrison Hill Technical Institute (former name of the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1995 and the Higher Certificate in Building Studies from Hong Kong Technical College in June 1997. He also completed various training courses including a construction safety supervisor course, a metal scaffold erecting and dismantling supervision training course and a highways department site audit inspection standards (safety & roadwork obligations) course at the Construction Industry Training Authority, and an occupational safety management course at the Occupational Safety and Health Council.

Mr. Tse has over 21 years experience in construction industry. Prior to joining our Group, he worked at Shui On Building Contractors Ltd. with last position as foreman from September 1994 to November 1997. He worked as a works supervisor I for Dennis Lau & Ng Chun Man Architects & Engineers (H.K) Limited from December 1997 to February 2001. He then joined Tai Fong Engineering Hong Kong Co., Ltd. from April 2001 to April 2002 and Wing Hong Contractors Ltd. from May 2002 to September 2002, both as a group representative. From March 2003 to June 2011, he worked for Chun Wo Construction & Engineering Co. Ltd. with last position as site agent.

Mr. Kwong Chun Ming Alex, aged 40, is the chief financial officer of our Group. He joined our Group in May 2017 and is responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group. Mr. Kwong obtained his Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 2003. He became a member of the Hong Kong Institute of Certified Public Accountants in January 2008 and a fellow member of the Association of Chartered Certified Accountants in March 2012.

He has over 13 years of experience in accounting. Prior to joining our Group, Mr. Kwong worked at Deloitte Touche Tohmatsu from October 2004 to November 2011 with his last position as manager. From December 2011 to May 2017, he worked at Ernst & Young with his last position as senior manager.

Mr. Tse Man Kin, aged 38, is the quantity surveyor manager of our Group. He is responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group. He obtained the Certificate in Building Studies and the Higher Certificate in Building Studies from the Hong Kong Institute of Vocational Education in July 2004 and July 2008 respectively. He obtained his Bachelor of Science in Civil Engineering from the Bulacan State University, Philippines in June 2012. He also completed various training courses including a construction safety officer course and an assistant safety officer evening course (and awarded the construction safety supervisor certificate) at the Construction Industry Training Authority.

Biographical Details of Directors and Senior Management

Mr. Tse has over 15 years experience in construction industry. Prior to joining our Group, he worked as an quantity surveyor for Woon Lee Construction Co., Ltd. from October 2004 to April 2005. From April 2005 to March 2010, he joined our Group as a project coordinator. He worked for Ringtone Ltd. as a project coordinator from April 2010 to September 2011 and he re-joined our Group in October 2011 as a quantity surveyor and was promoted to his current position in April 2014.

Company Secretary

Mr. Kwong Chun Ming Alex, is the company secretary of our Group. For details of his qualifications and experience, please refer to paragraph headed "Senior management" in this section of the annual report.

Compliance Officer

Mr. CK Tsang was appointed is the compliance officer of our Company. For details of his qualification and experience, please refer to paragraph headed "Executive Directors" in this section of the annual report.

Corporate Governance Report

Corporate Governance Practices

The Board recognises that transparency and accountability are important to the Company as a listed company. Since its Listing, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's shareholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. Upon the Listing Date and up to 31 March 2019, the Board is of the opinion that the Company has complied with all the code provisions of the CG Code.

The Directors will continue reviewing the Company's corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation on the Company.

Board of Directors

Composition of the board

The Board currently comprises:

Executive Directors

Mr. Tsang Chiu Kwan *(Chairman)*
Mr. Tsang Man Ping *(Chief Executive Officer)*
Mr. Lee Alexander Patrick

Independent non-executive Directors

Mr. So Chun Man
Mr. Chen Yeung Tak
Ms. Li Amanda Ching Man

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

Chairman and Chief Executive Officer

Mr. Tsang Chiu Kwan is the chairman of the Board. According to the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. CK Tsang currently assumes the role of chairman of the Board while Mr. Tsang Man Ping assumes the role of chief executive officer. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Corporate Governance Report

In compliance with rules 5.05(1), (2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors and one of whom (Mr. Chen Yeung Tak) has appropriate professional qualifications, or accounting and related financial management expertise.

Responsibilities of the Board

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by any of the executive Directors and the senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including both the non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for efficient and effective delivery of the Board functions. The Board has also delegated various responsibilities to the board committees of the Company (the "**Board Committees**"). Further details are set out below in this annual report.

The Company has received annual confirmations from each of the independent non-executive Directors of his independence, and the Company considered each of them to be independent in accordance with rule 5.09 of the GEM Listing Rules.

Board Committees

The Board has established three Board Committees to oversee specific aspects of the Group's affairs and help it in the execution of its responsibilities. The Board Committees each have specific written terms of reference which clearly outline the committees' authority and duties, and require the Board Committees to report back on their decisions or recommendations to the Board. All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established the Audit Committee on 23 January 2018 with written terms of reference in compliance with paragraph C3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. So Chun Man and Ms. Li Amanda Ching Man. Mr. Chen Yeung Tak has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, to nominate and monitor the Company's external auditors, and to oversee the risk management and internal control procedures of the Company.

Corporate Governance Report

The members of the Audit Committee should meet at least twice a year. During the year, the Audit committee held four meetings and performed duties including review of the Group's annual, interim and quarterly report.

Subsequent to year ended 31 March 2019 and up to the date of this annual report, the meeting of the Audit Committee was held on 5 June 2019, during which the Audit Committee has, among other things, reviewed the consolidated financial statements of the Group for the year ended 31 March 2019, including the accounting policies and practices adopted by the Group, as well as the risk management and internal control systems of the Group. The attendance records of the respective members of the Audit Committee to its meetings during the year are set out below:

Name of member of the Audit Committee	Attendance/ number of meeting held
Mr. Chen Yeung Tak *(Chairman)*	4/4
Mr. So Chun Man	4/4
Ms. Li Amanda Ching Man	4/4

Remuneration Committee

The Company has established the Remuneration Committee on 23 January 2018 with written terms of reference in compliance with paragraph B1 of the CG Code. The Remuneration Committee has three members, namely Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man. Mr. So Chun Man has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, and to ensure that none of the Directors determine their own remuneration.

The members of the Remuneration Committee should meet at least once a year. During the year, two Remuneration Committee meeting was held among other things, reviewing the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

The attendance records of the respective members of the Remuneration Committee to its meeting during the year are set out below:

Name of member of the Remuneration Committee	Attendance/ number of meeting held
Mr. So Chun Man *(Chairman)*	2/2
Mr. Chen Yeung Tak	2/2
Ms. Li Amanda Ching Man	2/2

The remuneration to members of senior management by band for year ended 31 March 2019 is set out below:

	No. of individual
HK$nil to HK$1,000,000	3

Corporate Governance Report

Nomination Committee

The Company has established the Nomination Committee on 23 January 2018 with written terms of reference in compliance with paragraph A5 of the CG Code. The Nomination Committee consists of three members, namely Ms. Li Amanda Ching Man, Mr. So Chun Man and Mr. Chen Yeung Tak. Ms. Li Amanda Ching Man has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually, to identify individuals suitably qualified to become members of the Board, to assess the independence of the independent non-executive Directors, and to make recommendations to the Board on relevant matters relating to appointments of Directors.

The members of the Nomination Committee should meet at least once a year.

During the year, the meeting of the Nomination Meeting was held, and has, among other things, reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

Name of member of the Nomination Committee	Attendance/ number of meeting held
Ms. Li Amanda Ching Man *(Chairman)*	1/1
Mr. So Chun Man	1/1
Mr. Chen Yeung Tak	1/1

Nomination Policy

The Company adopted a nomination policy (the "**Nomination Policy**") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

Corporate Governance Report

(d) Requirements for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules.

(e) Potential contributions he/she can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(e) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(f) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the articles of association of the Company (the "**Articles**") and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

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

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

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

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Corporate Governance Report

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

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

Review of Nomination Policy

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors since the Listing Date and up to the date of this annual report.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

Board Diversity Policy

The Company adopted a board diversity policy (the "**Board Diversity Policy**") from the Listing Date. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Corporate Governance Report

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the year ended 31 March 2019.

Board Meeting, General Meeting and Procedures

During the Reporting Period, four Board meeting was held. For the financial year commencing on 1 April 2019, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. The attendance record of each Director at the Board meeting is set out in the table below:

	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Tsang Chiu Kwan *(Chairman)*	4/4
Mr. Tsang Man Ping *(Chief Executive Officer)*	3/4
Mr. Lee Alexander Patrick	4/4
Independent non-executive Directors	
Mr. Chen Yeung Tak	4/4
Mr. So Chun Man	4/4
Ms. Li Amanda Ching Man	4/4

Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Corporate Governance Report

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the Articles.

Under provision A.4.1 of the CG Code, the independent non-executive Directors should be appointed for a specific term subject to re-election. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in the Articles.

With the various experience of both the executive Directors and the independent non-executive Directors, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

Article 108 of the Articles provides that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Save as disclosed in the section headed “Biographical Details of Directors and Senior Management” of this annual report, there is no financial, business, family or other material or relevant relationships among members of the Board and senior management.

Continuous Professional Development

To assist the Directors’ continuous professional development, the Company recommends the Directors to attend relevant seminars to develop and refresh their knowledge and skills. The Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills. The company secretary of the Company is responsible for maintaining and updating records for the Directors’ training sessions.

Corporate Governance Report

Up to the date of this report, the record of continuous professional development are summarized as follows:

Name of Directors	Attend training	Reading materials on topics related to corporate governance and update of the rules and regulations
Executive Directors		
Mr. Tsang Chiu Kwan *(Chairman)*	✓	✓
Mr. Tsang Man Ping *(Chief Executive Officer)*	✓	✓
Mr. Lee Alexander Patrick	✓	✓
Independent non-executive Directors		
Mr. Chen Yeung Tak	✓	✓
Mr. So Chun Man	✓	✓
Ms. Li Amanda Ching Man	✓	✓

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 March 2019, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, Deloitte Touche Tohmatsu, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

Internal Control and Risk Management

The Board has an overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establishing, implementing, reviewing and evaluating a sound and effective internal control system underpinning the risk management framework. All employees of the Group are committed to implement the risk management framework into the daily operation.

Corporate Governance Report

The Board has conducted regular reviews during the Year on the effectiveness of the internal control system covering all material controls in the financial, operational and compliance controls, various functions for risks management as well as physical and information systems security. The Board considered such internal control system effective and adequate. The Audit Committee reviews internal control issues identified by external auditor and the management team, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems for the Year. The Audit Committee in turn reports any material issues to the Board. The Group currently has no internal audit function and such review was performed by an external independent consultant engaged by the Group. The Board considers that it is more cost effective to engage an external independent consultant instead of recruiting a team of an internal audit staff to perform such annual review function.

The objectives of the risk management and internal control framework of the Group are to identify and manage the risk of the Group's with the acceptable safety levels and achieve the Group's strategic objectives. The Group has adopted a three-line risk management approach to identify, analysis, evaluation, mitigate and handle risks. At the first line of defence, department staff/frontline employees who must understand their roles and responsibilities are responsible for identifying, assessing and monitoring risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the Audit Committee, with the advice from the external professional party and the regular internal control review conducted on an annual basis, the first and second lines of defence are ensured to have been performed effectively.

Auditors' Remuneration

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 March 2019, the remuneration paid or payable to the auditor of the Company, in respect of their audit services and non-audit services for the Group was as follows:

Categories of Services	HK$'000
Audit	1,050
Non-audit	21
Total:	1,071

Shareholders' Rights

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

Corporate Governance Report

Procedures for Shareholders to Convene Extraordinary General Meeting

The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

(a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong or Hong Kong branch share registrar and transfer office of the Company for the attention of the Board and/or the Company Secretary;

(c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

(e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to Put Forward Proposals at Shareholders' Meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

Procedures for Raising Enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Corporate Governance Report

Should the shareholders have any enquiries and concerns, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Investors Relations

The Company has adopted a shareholders communication policy with the objective of providing the shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

Non-Competition Undertakings by Controlling Shareholders

Each of the controlling shareholders of the Company has made an annual declaration to the Company that from the Listing Date to 31 March 2019, he/she/it and his/her/its associates have complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**"). Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of its operations, cash flows, financial conditions, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider that if there is material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

Environmental, Social and Governance Report

About This Report

Gain Plus Holdings Limited (the "**Company**" together with its subsidiaries, hereinafter referred to as the "**Group**") is pleased to present our annual Environmental, Social and Governance Report for year ended 31 March 2019 (the "**Report**") to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance ("**ESG**") issues.

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Reporting Period

The Report illustrates the Group's initiative and performance regarding the environmental and social aspects during the reporting period from 1 April 2018 to 31 March 2019 (the "**Reporting Period**").

Reporting Scope

This Report covers all subsidiaries of the Group in Hong Kong with core business that principally engaged in provision of building construction services and repair, maintenance, addition and alteration services ("**RMAA Services**"). The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the Report.

Reporting Basis

The Report is prepared with the ESG Reporting Guide set out by Appendix 20 of the GEM Listing Rules. The Group has complied with the disclosure requirements of the "comply or explain" provisions set out in the ESG Reporting Guide. Certain key performance indicators ("**KPIs**") which is considered as material by the Group during the Reporting Period are disclosed in the Report. The Group will continue to optimize and improve the disclosure of KPIs. The Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

Contact Information

The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email to main@doublegain.hk.

Environmental, Social and Governance Report

A. Environmental Aspects

Aspect A1: Emissions

To demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavors to minimise the environmental impact of the business activities and maintain green operations and green office practices.

Our majority of business is providing RMAA Services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings. Our work performed in site for RMAA Services is relatively small scale with not many labour and machineries involved which generates limited and controllable emission and waste such as construction and demolition materials, dust, fumes, smokes, obnoxious gases and household wastes. Our Group's revenue also comprised with a certain portion for providing building construction services that primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. Generally, we delegate certain construction works to our subcontractors that are labour intensive or required specific skillset which in turn generated/consumed more waste and materials that have material environmental impact to our surrounding, such as piling, demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment. Thus, given the nature of our different type of services and subcontracting practice, the Group poses less negative impact to the environment than most typical construction industries.

The Group has been in strict compliance with the relevant laws and regulation in Hong Kong, including but not limited to Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance, Wastes Disposal Ordinance and Public Health and Municipal Services Ordinance. In view of the above local laws and regulation, the Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers. Such measures and procedures concerning mainly air pollution and noise control include, amongst other things:

(i) dust suppression by use of water;

(ii) use of low-dust techniques and equipment as required by our customers;

(iii) inspection and maintenance of all equipment before use for compliance of permitted noise level; and

(iv) use of machineries that were environmentally friendly.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

Regarding hazardous and non-hazardous wastes, solid wastes are generated at various stages of our operation, including metallic waste, timber, paper/cardboard packaging and chemical waste. The Group engages properly transportation of construction waste to destinated disposal area.

During the Reporting Period, the Group generated/consumed no significant hazardous waste, non-hazardous waste, water and packaging materials due to its business nature.

Environmental, Social and Governance Report

Major air pollutants emission from vehicles during the Reporting Period as follows:

Type of Air Pollutants	Air Pollutants Emission 2019 Air Pollutant Emission (kg)	2018 Air Pollutant Emission (kg)
Sulphur Dioxide	1.42	1.37
Nitrogen Oxides	588.11	568.62
Particulate Matter	54.03	50.96

During the Reporting Period, the greenhouse gas ("**GHG**") emission from the operation is set out below:

Type of GHG emissions	GHG Emission 2019 Equivalent CO_2 emission (kg)	2018 Equivalent CO_2 emission (kg)
Scope 1 Direct emissions	251,211.43	243,114.18
Scope 2 Indirect emission	25,643.82	46,024.74
Total	276,855.25	289,138.92
Intensity (kg/revenue HK$'000)	0.32	0.55

Note:

The calculation of the GHG gas is based on the "A Corporate Accounting and Reporting Standard" from The GHG Protocol.

Scope 1: Direct emission from vehicles that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3 is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are electricity, water, and paper. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows.

Electricity

Electricity saving measures are encouraged that electrical appliances are required to be set as energy saving mode where possible. For computers, the idle automatically mode is 20 minutes or less. The room temperature should be set in a range from 20°C to 26°C. Also, power supply should be switched off when they are not in use. Preference will be given to office equipment with relatively high energy efficiency.

Environmental, Social and Governance Report

Energy consumption by the Group during the Reporting Period is set out below:

Type of energy	Energy Consumption 2019 Energy consumed (kWh)	2018 Energy consumed (kWh)
Unleaded Petrol	408,883.22	386,149.11
Diesel	448,559.47	442,665.27
Purchased electricity	50,282.00	85,231.00
Total	907,724.69	914,045.38
Energy intensity (kWh/revenue HK$'000)	1.03	1.73

Water

The impact of freshwater use is relatively insignificant for the Group. The Group did not encounter any problems in sourcing water that is fit for purpose. Water rate charges do not form a separate item in the rent or even in site, yet the Group encourages staff to reduce water wastage, for example, by not running water taps at all time.

Paper

Use of paper indirectly affect the overall GHG emission. The Group has been taking the following steps to control paper consumption:

- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable.
- Encourage the employee to use suitable font size/shrinkage mode to minimise pages, if possible. Besides, electronic media is recommended for circulation/communication, to minimise using paper.

During the Reporting Period, the paper consumption was 1,365 kg (2018: 1,300 kg).

Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emission" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

Environmental, Social and Governance Report

B. Social Aspects

Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group's employment handbook sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong. We provide competitive and attractive remuneration package to reward and retain our employees. The package includes basic salary, bonus, allowance and Mandatory Provident Fund ("**MPF**"). The Group recruits employees from the open market through placing recruitment advertisement and referrals, to satisfy our demand of different types of talent. We believe that the above arrangement can maintain good relationship with our employee.

During the Reporting Period, there were no material non-compliance regarding employment brought against the Group or its employees.

Aspect B2: Health and Safety

The Group places emphasis on occupational health and work safety in providing RMAA Services and building construction services. This is evidenced by our various awards received in past years such as Bronze Award Recognizing Excellence in safety for safe subcontractor award 2016 by Lighthouse Construction Industry Charity. In 2019, our Group has received the Silver Prize/Outstanding Performance in Work-at-height Safety Prize under Construction Industry Safety Award Scheme 2018/2019 by Labour Department. We have adopted an occupational health and safety system as required by relevant occupational health and safety laws, rules and regulations. Due to the inherent nature of works in construction sites which very often involves working at height and usage of mechanical equipment and machinery, construction workers are constantly subjected to risks of accidents or injuries:

(i) All members of our direct labour and our subcontractors' labour are required to wear required safety equipment, including safety helmet, which must also meet the safety standard, for entering construction site;

(ii) The performance of all equipment, devices and tools must be checked for safety before use;

(iii) All subcontractors must report safety incidents to us;

(iv) Our staff and our subcontractors' workers entering project sites are required to observe the occupational health and safety measures and our policy. Subcontractors must ensure their workers work safely and care for others;

(v) We reserve the right to expel worker who violates our safety policy from construction site; and

(vi) All workers are required to attend site safety briefing sessions and trainings before they commence work on-site. Topics of safety training typically cover safety procedures for performing different types of work.

Environmental, Social and Governance Report

Besides, safety supervisors are assigned to responsible for regularly visiting and inspecting the performance of our works. Insurance policies purchased can cover and protect all employees of main contractors and subcontractors of all tiers working in the relevant construction site, and works performed by them in the relevant construction site.

We have put in place an internal policy setting out the procedures for recording, handling and reporting all work-related accidents and injuries to the Commissioner of Labour. The key procedures are as follows:

(i) Upon occurrence of a work-related accident, it shall be reported to our on-site foreman and/or project manager. Details of the injury, including the date, time, location, causes, identity of the injured person, shall be gathered by our on-site foreman and/or project manager and shall be properly recorded by our administrative staff.

(ii) We shall submit notification of the accident to the Commissioner of Labour by filling in the prescribed form in accordance with Employees' Compensation Ordinance within 14 days after we become aware of the accident and the injury, or, in case of a fatal accident,within seven days.

(iii) All correspondences with the Labour Department shall be provided to the relevant customer and/or the relevant insurer.

During the Reporting Period, there are no work related injuries case. There were no non-compliance cases noted in relation to laws and regulations for health and safety.

Aspect B3: Development and Training

The Group recognises the importance of training for the development of our employees as well as our Group. We provide various types of trainings to our employees and sponsor our employees to attend training courses as mentioned in aspect "B2: Health and Safety" in this Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with the Employment Ordinance and other relevant labour laws and regulations in Hong Kong. The Group prohibits the use of child labour and forced labour. Employment contracts and other records, documenting all relevant details of the employees (including age) are maintained properly for verification by relevant statutory body upon request.

During the Reporting Period, the Group has complied with policies and relevant laws and regulations regarding prevention of child labour or forced labour.

Environmental, Social and Governance Report

Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards. As stipulated in the section of subcontractors selection of our internal policy, the Group maintains a list of approved suppliers and subcontractors who have been assessed and approved by us, from which we select our suppliers and subcontractors. Our assessment for subcontractors may include (i) evaluating of subcontractors' recent performance; (ii) reviewing third-party assessments or certification held by our subcontractors; (iii) assessing whether our subcontractors has sufficient resources and skills to fulfil the specific requirements; (iv) reviewing their requisite licences and registrations; and (v) reviewing the quotation and/or subcontracting fee provided. The Group will from time to time review and update our internal list of approved subcontractors according to their performance assessment. During project implementation, project managers will meet with the engaged subcontractors and closely monitor their work progress and performance. The contracts entered into between our Group and our subcontractors provide that our subcontractors are required to observe all the requirements and provisions of our tender document. We select suppliers mainly based on: (i) quality of materials; (ii) timeliness of delivery; (iii) previous experience with the supplier; and (iv) reputation of the supplier. We update our preapproval suppliers list according to their quality of materials supplied. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management.

Aspect B6: Product Responsibility

Quality control on projects

The Group is liable for the works carried out by us and our subcontractors. We ensure that each project is completed in accordance with the specifications set out for the project. Our project officer is responsible for supervising the overall daily activities including those executed by our subcontractor in accordance with the construction programme. In addition, our project manager will monitor the activities and project status and note for any issues arising from the execution of the project. Our project manager will timely inform our project directors on the project status and matters of concerns.

We have an experienced and professional management with extensive operational expertise and in-depth understanding of the RMAA Services and building construction services markets in Hong Kong, which allows us to be informed of market trends when formulating our market position and developing business strategies. Our project management teams have industry and technical knowledge in RMAA Services and building construction services, and our technical employees have the practical skills and experience. Our project management staff have relevant industry experience and possess relevant professional qualifications as required for the construction works. Some of our technical staff including quantity surveyors and foremen have been working with us for over eight years. We believe their project management experience and technical knowledge in RMAA Services and building construction services market would facilitate the efficient and timely implementation and management of our projects.

We believe the combination of our management's expertise and knowledge of the construction industry in Hong Kong, together with our qualified and experienced project management and technical staff have been and will continue to be our valuable assets, which will enable us to take up projects of various scale and building type and fulfil our customers' requirements.

Environmental, Social and Governance Report

For our quality control measure over our subcontractors, please refer to aspect "B5: Supply Chain Management" in this Report for further details.

During the Reporting Period, there are no disputes between our Group and our customers in respect of the quality of work performed by us or our subcontractors.

Data protection

Employees are generally required to execute a standard employment contract, which include a clause acknowledging that all inventions, trade secrets, works of authorship, developments and other process generated by them on behalf of the Group are the Group's property, assigning to the Group any ownership rights that they may have in those works, and requiring them to not disclose or use the Group's confidential information except for benefit of the Group as we may authorise.

During the Reporting Period, there were no cases of non-compliance against products and services related laws and regulations.

Aspect B7: Anti-Corruption

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy and established guideline in employment handbook and internal policy to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering Channel such as by letter, meeting, email or phone call for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

Aspect B8: Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.

During the Reporting Period, the Group had made donation of HK$20,000 to charitable organizations (2018: Nil). Besides, consistent with past years, we also organized annual dinner to share the fruitful result of the Group with our customers, subcontractors, suppliers and employees in the amount of approximately HK$175,000 (2018: HK$250,000).

Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2019.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements. The principal activity of the Group is the provision of building construction services and RMAA Services in Hong Kong.

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 on page 51 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

Charitable Donations

During the year, charitable donations of HK$20,000 was made by the Group (2018: Nil).

Plant and Equipment

Details of the movements in plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Business Review

Detailed business review is set out in the section headed “Management Discussion and Analysis” in this annual report. Future development of the Company’s business is set out in the sections headed “Management Discussion and Analysis” and “Chairman’s Statement” of this annual report.

Compliance with Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

Report of the Directors

Principal Risk and Uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in the Group's operations and financial position as efficiently and effectively as possible. We believe the more significant risks relating to our business are as follows:

— Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects

— We are reliant on the availability of construction projects from the public and private sectors in Hong Kong

— Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation

— Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

An analysis of the Group's financial risk management (including credit risk and liquidity risk) objectives and policies are provided in note 31 to the consolidated financial statements. Other risks facing the Group are set out in the section headed "Risk Factors" of the Prospectus.

Key Performance Indicator

	As at/for the year ended 31 March	
	2019	2018
Gross profit margin(1)	7.1%	8.0%
Net profit margin before interest and tax(2)	5.3%	2.8%
Net profit margin(3)	4.4%	1.8%
Return on equity(4)	24.0%	7.9%
Return on assets(5)	13.6%	4.1%
Current ratio(6)	2.3 times	2.1 times
Gearing ratio(7)	4.5%	1.8%
Interest coverage(8)	168.1 times	142.8 times

Notes:

(1) The gross profit margin is calculated by dividing the gross profit by revenue for the respective year multiplied by 100%.

(2) The net profit margin before interest and tax is calculated by dividing the profit before interest and tax by revenue for the respective year multiplied by 100%.

Report of the Directors

(3) The net profit margin is calculated by dividing the profit and total comprehensive income by revenue for the respective year multiplied by 100%.

(4) The return on equity is calculated by dividing the profit and total comprehensive income for the respective year by total equity as at the end of the respective year/period multiplied by 100%.

(5) The return on assets is calculated by dividing the profit and total comprehensive income for the respective year by total assets as at the end of the respective year/period multiplied by 100%.

(6) The current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the respective year.

(7) The gearing ratio is calculated by dividing the total debt which represents obligations under finance leases and bank borrowings by total equity as at the end of the respective year/period multiplied by 100%.

(8) The interest coverage is calculated by dividing the profit before interest and tax by finance costs incurred for the respective year.

Gross profit margin

Our Group's gross profit margin decreased from approximately 8.0% for the year ended 31 March 2018 to approximately 7.1% for the year ended 31 March 2019. Such increase was mainly due to increase in gross profit margin of RMAA Services.

Net profit margin before interest and tax

Our Group's net profit margin before interest and tax increased from approximately 2.8% for the year ended 31 March 2018 to approximately 5.3% for the year ended 31 March 2019 due to the lack of Listing expenses. Excluding the Listing expenses of approximately HK$15.6 million the Group's net profit margin before interest and tax for the year ended 31 March 2018 would be approximately 5.8%, which was similar to that for the year ended 31 March 2019.

Net profit margin

For the year ended 31 March 2019, our Group's net profit margin was approximately 4.4%.

Return on equity

Our return on equity was approximately 24.0% and 7.9% for the year ended 31 March 2019 and 2018, respectively. This is mainly due to increase in net profit and increase in total equity of approximately HK$36.4 million, or 29.5% from approximately HK$123.2 million as at 31 March 2018 to approximately HK$159.6 million.

Return on assets

Our return on assets was approximately 4.1% for the year ended 31 March 2018 to approximately 13.6% for the year ended 31 March 2019. This is mainly due to (i) increase in net profit due to increase in revenue, cost of services and lack of Listing expenses; and (ii) increase in total assets due to increase in contract assets.

Current ratio

Our current ratio sightly increased from approximately 2.1 times as at 31 March 2018 to approximately 2.3 times as at 31 March 2019.

Report of the Directors

Gearing ratio

Our gearing ratio was approximately 4.5% and approximately 1.8% as at 31 March 2019 and 2018, respectively. Such increase was primarily attributable to the increase in bank borrowings.

Interest coverage

Our interest coverage was approximately 168.1 times and approximately 142.8 times for the years ended 31 March 2019 and 2018, respectively. Such increase was mainly due to the increase in our net profit before interest and tax.

Environmental Policies and Performance

Our Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers. Such measures and procedures concerning mainly air pollution and noise control include, amongst other things: (i) dust suppression by use of water; (ii) use of low-dust techniques and equipment as required by our customers; and (iii) inspection and maintenance of all equipment before use for compliance of permitted noise level.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group is set out on page 104 of this annual report. The summary does not form part of the audited consolidated financial statements.

Share Capital

Details of the Company's share capital and movements during the year are set out in note 25 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive or similar rights under the laws of Caymans Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

The Directors confirm that during the year and up to the date of this annual report, there has been no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Report of the Directors

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 53 and note 36 to the consolidated financial statements, respectively.

Distributable Reserves

Retained earnings of the Company may be available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to the shareholders at 31 March 2019 amounted to approximately HK$114,626,000.

Segment Information

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

Relationship with Key Stakeholders

Customers

Our customers are substantially the main contractors of construction projects in Hong Kong. For the year ended 31 March 2019, the percentage of our total revenue attributable to our largest customer amounted to approximately 42.5%, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 98.6%.

Suppliers

We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. For the year ended 31 March 2019, the percentage of the total cost of services attributable to our largest supplier amounted to approximately 0.6%, while the percentage of the total cost of services attributable to the five largest suppliers combined amounted to approximately 2.0%.

Subcontractors

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. For the year ended 31 March 2019, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 10.2%, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 28.9%.

Report of the Directors

Employees

Employees are regarded as important and valuable assets of the Group. Details of remuneration are set out in the section headed "Management Discussion and Analysis" in this annual report.

None of the Directors, their respective associates, or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any significant beneficial interest in the major customers, suppliers and subcontractors disclosed above.

Directors

Since the Listing Date and up to the date of this annual report, the Board's composition is as follows:

Executive Directors

Mr. Tsang Chiu Kwan *(Chairman)*
Mr. Tsang Man Ping *(Chief Executive Officer)*
Mr. Lee Alexander Patrick

Independent non-executive Directors

Mr. Chen Yeung Tak
Mr. So Chun Man
Ms. Li Amanda Ching Man

Pursuant to article 108 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Pursuant to article 112 of the Article, any Director appointed by the Board to fill a causal vacancy shall hold office only until the first general meeting of the Company after his/her appointment and shall be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the first following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Accordingly, all the Directors, will retire from office as Directors at the forthcoming annual general meeting to be held on Wednesday, 7 August 2019. All Directors are eligible and will offer themselves for re-election.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Group are set out on pages 8 to 11 of this annual report.

Report of the Directors

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the Articles of the Company.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three year commencing from the Listing Date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in the Articles.

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

Independence Confirmation

The Company has received confirmation from each of the independent non-executive Directors regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

Permitted Indemnity Provision

Pursuant to Articles of the Company, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

Emoluments of Directors, Chief Executive and the Five Highest Paid Individuals

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in note 13 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the Group's retirement benefit scheme are set out in note 26 to the consolidated financial statements.

Report of the Directors

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the Shares

Name of Directors	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Tsang Chiu Kwan (Note 2)	Interest in a controlled corporation	104,625,000 ordinary Shares (L)	28.125%
Mr. Tsang Man Ping (Note 3)	Interest in a controlled corporation	104,625,000 ordinary Shares (L)	28.125%

Notes:

1. The letter (L) denotes the person's long interest in our Shares.

2. Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

3. Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

(ii) Long position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Nature of interest	Number of Shares held	Percentage of interest
Mr. Tsang Chiu Kwan	Universe King	Beneficial Owner	1,000	100%
Mr. Tsang Man Ping	Great Star	Beneficial Owner	1,000	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2019, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Report of the Directors

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2019, so far as is known to the Directors, the following persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares or the underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Tsang Chiu Kwan (Note 2)	Interest in a controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Leung Wai Ling ("**Ms. Leung**") (Note 3)	Interest of spouse	104,625,000 Shares (L)	28.125%
Universe King	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. Tsang Man Ping (Note 4)	Interest in a controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Wong Lin Fun ("**Ms. Wong**") (Note 5)	Interest of spouse	104,625,000 Shares (L)	28.125%
Great Star	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. Lai Wai Lam Ricky ("**Mr. Lai**") (Note 6)	Interest in a controlled corporation	62,775,000 Shares (L)	16.875%
Ms. Chu Siu Ping ("**Ms. Chu**") (Note 7)	Interest of spouse	62,775,000 Shares (L)	16.875%
Giant Winchain	Beneficial owner	62,775,000 Shares (L)	16.875%

Notes:

1 The letter (L) denotes the person's long interest in our Shares.

2 Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

3 Ms. Leung is the spouse of Mr. Tsang Chiu Kwan and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Chiu Kwan for purposes of the SFO.

4 Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

5 Ms. Wong is the spouse of Mr. Tsang Man Ping and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Man Ping for purposes of the SFO.

6 Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.

7 Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, the Directors are not aware of any person who, as at 31 March 2019, had an interest or short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Report of the Directors

Share Option Scheme

The share option scheme of the Company (the "**Share Option Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules. The Share Option Scheme was adopted on 23 January 2018 (the "**Adoption**"). As of the date of this annual report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme but it does not form part of, nor was it intended to be part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that eligible participants have made or may make to our Group.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled to make an offer to any eligible participant as the Board may in its absolute discretion. An offer shall be deemed to have been accepted when our Company receives a remittance of HK$1.00 as consideration of the grant. The offer shall remain open for acceptance by the eligible participant for a period of not less than five business days from the date on which the offer is granted.

(c) Grant of Option

The Board shall not offer grant of an option after inside information has come to our Company's knowledge until such price sensitive information has been announced pursuant to the relevant requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of a result announcement.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares of the Company (or the Subsidiary) in issue. Where any grant of further options to an eligible participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over above this limit, such further grant shall be subject to the requirements (a) approval of the Shareholders at general meeting, with such eligible participant and its associates abstaining from voting; (b) a circular in relation to the proposal for such further grant having been sent by the Company to the Shareholders with such information from time to time as required by the GEM Listing Rules; and the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (a) above.

Report of the Directors

(d) Price of Shares

The exercise price for any Share subject to the Share Option Scheme will be a price determined by our Board and notified to each grantee and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a trading day; (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a share on the date of grant.

For the purpose of calculating the exercise price, in the event that on the date of grant, our Company has been listed for less than five trading Days, the offer price of the Share shall be used as the closing price for any trading day falling within the period before the Listing Date.

(e) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") unless approved by the Shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 372,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 37,200,000 Shares, representing 10% of the Shares in issue as at the Listing Date.

(ii) Subject to the terms of the Share Option Scheme, the Scheme Mandate Limit may be renewed by the shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of such renewal by the Shareholders in general meeting. Upon such renewal, all options previously granted under the Share Option Scheme and any other share option schemes (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), a circular must be sent to our Shareholders containing such relevant information from time to time required by the GEM Listing Rules.

(iii) Subject to the terms of the Share Option Scheme, the Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to eligible participants specifically identified by our Company before such approval is sought. Our Company shall send a circular to our Shareholders containing such relevant information from time to time as required by the GEM Listing Rules.

(iv) Notwithstanding anything contrary to the terms of the Share Option Scheme, no options may be granted under the Share Option Scheme and any other schemes of our Company if the maximum number of Shares which may be issued under the Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceeds 30% of the Shares in issue from time to time.

Report of the Directors

(f) Time of exercise of Option

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during the applicable option period, provided that, among others, the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option. The exercise of an option may be subject to the achievement of performance target and/or any other conditions to be imposed by our Board on each grantee, which our Board may in its absolute discretion determine.

Directors' Interests in Transactions, Arrangements or Contracts

Apart from the contracts relating to the Reorganisation and save as disclosed in this annual report, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

Competing Interest

For the year ended 31 March 2019, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 23 January 2018 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Innovax Capital Limited ("**Innovax**") to be the compliance adviser. As at 31 March 2019, as notified by Innovax, except for the compliance adviser agreement entered into between the Company and Innovax dated 15 August 2017, neither Innovax nor any of its directors or employees or associates, has or may have, any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities).

Related Party Transactions

Details of the related party transactions entered into by the Group are set out in note 34 to the consolidated financial statements. Such related party transactions are continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Report of the Directors

Connected Transaction and Continuing Connected Transaction

During the year, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Further details of these continuing connected transactions are set out in the section headed "Continuing Connected Transactions" in the Prospectus.

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year ended 31 March 2019.

Sufficiency of Public Float

Since the Listing Date and up to the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public.

Events After the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this annual report.

Auditor

The financial statements have been audited by Messers. Deloitte Touche Tohmatsu, Certified Public Accountants, who will retire and, being eligible, offered themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

Since the incorporation of the Company up to the date of this annual report, there has been no change in auditors of the Company.

Closure of Register of Members

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 7 August 2019, the register of members of the Company will be closed from 2 August 2019 to 7 August 2019 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 1 August 2019.

Report of the Directors

Corporate Governance

Details of the corporate governance practices adopted by the Company are set out on pages 12 to 23 of this annual report.

Review by Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2019 have been reviewed by the audit committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2019 comply with applicable financial reporting standards, GEM Listing Rules, and that adequate disclosures have been made.

On behalf of the Board

Tsang Chiu Kwan
Chairman and Executive Director

Hong Kong, 5 June 2019

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF GAIN PLUS HOLDINGS LIMITED
德益控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Gain Plus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 51 to 103, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Independent Auditor's Report

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
We identified the impairment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period. As at 31 March 2019, the Group's net trade receivables and contract assets amounting to approximately HK$81,223,000 and HK$87,196,000, which represented approximately 29% and 31% of total assets of the Group. As explained in note 2 to the consolidated financial statements, in the current year, the Group adopted Hong Kong Financial Reporting Standard 9 "Financial Instruments" (HKFRS 9) and recognised an additional impairment of HK$893,000 and HK$1,422,000 on trade receivables and contract assets, respectively, as at 1 April 2018 in accordance with the transitional provisions of HKFRS 9. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets individually. Estimated loss rates are based on probability of default and loss given default with reference to external credit rating and are adjusted for forward-looking information. As disclosed in note 31 to the consolidated financial statements, the Group recognised an additional amount of HK$1,086,000 and reversed HK$114,000 of impairment of trade receivables and contract assets, respectively, for the year and the Group's lifetime ECL on trade receivables and contract assets as at 31 March 2019 amounted to approximately HK$1,712,000 and HK$1,308,000, respectively.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: • Understanding key controls on how the management estimates the loss allowance for trade receivables and contract assets; • Testing the accuracy of the ECL adjustment made by the Group as at 1 April 2018 on initial adoption of HKFRS 9; • Testing the integrity of information used by management to develop the ECL provision, including trade receivables ageing analysis as at 1 April 2018 and 31 March 2019, on a sample basis, by comparing individual items in the analysis with the relevant contracts, invoices and other supporting documents; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 1 April 2018 and 31 March 2019, including the basis of estimated loss rates applied in each customers; • Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in notes 16 and 17 to the consolidated financial statements; and • Testing subsequent settlements of credit impaired trade receivables and contract assets, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
Recognition of revenue from construction contracts	
We identified the recognition of revenue from construction contracts as a key audit matter due to the significance of the Group's revenue in the context of the Group's consolidated financial statements as a whole. The Group recognised revenue of HK$878,762,000 from these contracts for the year ended 31 March 2019 as shown in the consolidated statement of profit or loss and other comprehensive income. Details of the related revenue recognition policy are set out in note 3 and 5 to the consolidated financial statements.	Our procedures in relation to recognition of revenue from construction contracts included: • Testing controls relevant to our audit on revenue recognition; • Verifying the amount of revenue recognised by checking to contracts and work progress reports; • Verifying the reasonableness of the contract revenue by checking to the latest payment certificates issued by the customers before year end date, on a sample basis; and • Visiting selected construction sites on a sample basis to observe the existence of the construction work and interview the site project managers for the progress of the construction work.

Other Information

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

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

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

Independent Auditor's Report

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
5 June 2019

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	878,762	527,114
Cost of services		(816,413)	(485,183)
Gross profit		62,349	41,931
Other income and gains and losses	7	815	560
Impairment losses, net of reversal	8	(972)	—
Administrative expenses		(15,966)	(12,023)
Listing expenses		—	(15,618)
Finance costs	9	(275)	(104)
Profit before taxation		45,951	14,746
Income tax expense	10	(7,683)	(5,068)
Profit and total comprehensive income for the year attributable to owners of the Company	11	38,268	9,678
Earnings per share	14		
Basic (HK cents)		10.29	3.33

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment	15	2,632	2,379
Deposits for acquisition of plant and equipment		87	547
Deferred tax assets	24	275	—
		2,994	2,926
Current assets			
Trade and other receivables	16	99,777	90,387
Contract assets	17	87,196	—
Amounts due from customers for contract work	18	—	73,602
Bank balances and cash	19	91,853	69,017
		278,826	233,006
Current liabilities			
Trade and other payables	20	67,062	70,151
Amounts due to customers for contract work	18	—	35,971
Tax payable		2,842	4,214
Bank borrowings	21	6,028	—
Contract liabilities	22	45,107	—
Obligations under finance leases	23	575	959
		121,614	111,295
Net current assets		157,212	121,711
Total assets less current liabilities		160,206	124,637
Non-current liabilities			
Obligations under finance leases	23	646	1,263
Deferred tax liabilities	24	—	149
		646	1,412
Net assets		159,560	123,225
Capital and reserves			
Share capital	25	3,720	3,720
Reserves		155,840	119,505
Total equity		159,560	123,225

The consolidated financial statements on pages 51 to 103 were approved and authorised for issue by the board of directors on 5 June 2019 and are signed on its behalf by:

Tsang Chiu Kwan
Director

Tsang Man Ping
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Other reserve HK$'000 (note b)	Retained earnings HK$'000	Total HK$'000
At 1 April 2017	10	—	—	(3,337)	47,934	44,607
Profit and total comprehensive income for the year	—	—	—	—	9,678	9,678
Issue of shares by Double Gain Engineering Limited ("Double Gain")	20,000	—	—	—	—	20,000
Issue of shares by Nation Max Holdings Limited ("Nation Max") to acquire controlling interest of Double Gain as part of the group reorganisation	(20,010)	68,893	(48,883)	—	—	—
Capitalisation issue (note 25(c))	2,790	(2,790)	—	—	—	—
Issue of new shares upon listing	930	73,470	—	—	—	74,400
Share issuance costs	—	(7,041)	—	—	—	(7,041)
Dividends paid (note 12)	—	—	—	—	(18,419)	(18,419)
At 31 March 2018	3,720	132,532	(48,883)	(3,337)	39,193	123,225
Adjustments (see note 2)	—	—	—	—	(1,933)	(1,933)
At 1 April 2018 (restated)	3,720	132,532	(48,883)	(3,337)	37,260	121,292
Profit and total comprehensive income for the year	—	—	—	—	38,268	38,268
At 31 March 2019	3,720	132,532	(48,883)	(3,337)	75,528	159,560

Notes:

(a) The capital reserve represents the difference between the nominal value of share capital of Nation Max and Double Gain upon insertion of Nation Max between Double Gain and its then shareholders as part of the group reorganisation on 23 January 2018.

(b) Other reserve brought forward from prior year represents the differences between the principal amount of amounts due from Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, both being the shareholders of the Company, and present value of estimated future cash flows discounted at the original effective interest rate, and the differences are recognised directly in equity as deemed distributions.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
Profit before taxation	45,951	14,746
Adjustments for:		
Depreciation	1,349	1,166
Interest income	(460)	—
Impairment losses, net of reversal	972	—
Interest expense	275	104
Loss (gain) on disposal of plant and equipment	2	(250)
Operating cash flows before movements in working capital	48,089	15,766
Increase in trade and other receivables	(31,813)	(43,175)
Increase in amounts due from customers for contract work	—	(41,312)
Increase in contract assets	(2,760)	—
Increase in trade and other payables	25,650	41,033
Increase in amounts due to customers for contract work	—	9,105
Decrease in contract liabilities	(11,201)	—
Cash generated from (used in) operations	27,965	(18,583)
Income tax paid	(9,097)	(4,526)
Net cash from (used in) operating activities	18,868	(23,109)
Investing activities		
Purchases of plant and equipment	(1,144)	(491)
Deposits paid for acquisition of plant and equipment	—	(381)
Proceeds from disposal of plant and equipment	—	305
Interest received	460	—
Net cash used in investing activities	(684)	(567)
Financing activities		
New bank borrowings raised	14,586	—
Repayments of bank borrowings	(8,558)	—
Proceeds from issue of shares	—	74,400
Share issuance costs	(100)	(6,941)
Proceeds from issue of shares by a subsidiary	—	20,000
Repayment of obligations under finance leases	(1,001)	(1,074)
Interest paid	(275)	(104)
Net cash from financing activities	4,652	86,281
Net increase in cash and cash equivalents	22,836	62,605
Cash and cash equivalents at the beginning of the year	69,017	6,412
Cash and cash equivalents at the end of the year	91,853	69,017

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. General

Gain Plus Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 4 July 2017 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 February 2018. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" in the annual report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of building construction services and repair, maintenance, addition and alteration services ("RMAA Services").

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
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 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" 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, i.e. 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 HKFRS 15 retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Contract revenue from provision of building construction services
- Contract revenue from provision of RMAA Services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

2.1.1 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018* HK$'000
Current assets				
Amounts due from customers for contract work	(a)	73,602	(73,602)	—
Trade and other receivables	(b)	90,387	(20,444)	69,943
Contract assets	(a) & (b)	—	85,744	85,744
Current liabilities				
Amounts due to customers for contract work	(a)	35,971	(35,971)	—
Trade and other payables	(c)	70,151	(28,639)	41,512
Contract liabilities	(a) & (c)	—	56,308	56,308

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.1 Summary of effects arising from initial application of HKFRS 15 (Continued)

Notes:

(a) In relation to construction contracts previously accounted for under HKAS 11, the Group estimates the performance obligations satisfied up to date of initial application of HKFRS 15. Amounts due from customers for contract work of HK$73,602,000 were reclassified to contract assets, while amounts due to customers for contract work of HK$35,971,000 were reclassified to contract liabilities.

(b) At the date of initial application, retention receivables of HK$20,444,000 arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

(c) The reclassification of HK$28,639,000 from trade and other payables to contract liabilities under HKFRS 15 represented the Group's obligations to transfer to the customers of the services which the Group has received consideration from the customers.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position at 31 March 2019

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current assets			
Amounts due from customers for contract work	—	81,079	81,079
Trade and other receivables	99,777	6,117	105,894
Contract assets	87,196	(87,196)	—
Current liabilities			
Trade and other payables	67,062	45,107	112,169
Contract liabilities	45,107	(45,107)	—

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.1 Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on consolidated statement of cash flows for the year ended 31 March 2019

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Operating activities			
Increase in amounts due from customers for contract work	—	(17,087)	(17,087)
Increase in trade and other receivables	(31,813)	14,327	(17,486)
Increase in contract assets	(2,760)	2,760	—
Decrease in amounts due to customers for contract work	—	(35,971)	(35,971)
Increase in trade and other payables	25,650	24,770	50,420
Decrease in contract liabilities	(11,201)	11,201	—

The explanations of the above changes affected in the current year by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are similar to the explanations set out in notes (a) to (c) above for describing the adjustments made to the consolidated statement of financial position at 1 April 2018 upon adoption of HKFRS 15.

2.2 HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("ECL") for financial assets and other items (for example, contract assets); and (iii) 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 at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between the carrying amounts at 31 March 2018 and the carrying amounts at 1April 2018 are recognised in the opening retained earnings, 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".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

2.2 HKFRS 9 "Financial Instruments" and the related amendments (Continued)

2.2.1 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018. Line items that were not affected by the changes have not been included.

	Note	Trade and other receivables HK$'000	Contract assets HK$'000	Deferred tax assets HK$'000	Retained earnings HK$'000
Closing balance at 31 March 2018 — HKAS 39		73,584	—	—	39,193
Effect arising from initial application of HKFRS 15		(20,444)	85,744	—	—
Effect arising from initial application of HKFRS 9:					
Remeasurement					
Impairment under ECL model	(a)	(893)	(1,422)	382	(1,933)
Opening balance at 1 April 2018		52,247	84,322	382	37,260

Note:

(a) Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Trade receivables and contract assets have been assessed individually. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

2.2 HKFRS 9 "Financial Instruments" and the related amendments (Continued)

2.2.1 Summary of effects arising from initial application of HKFRS 9 (Continued)

As at 1 April 2018, additional credit loss allowance of HK$2,315,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective assets.

All loss allowances, including contract assets and trade receivables, as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets HK$'000	Trade and other receivables HK$'000
At 31 March 2018— HKAS 39	—	—
Effect arising from initial application of HKFRS 9:		
Amounts remeasured through opening retained earnings	1,422	893
At 1 April 2018	1,422	893

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 show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 HK$'000 (Audited)	HKFRS 15 HK$'000	HKFRS 9 HK$'000	1 April 2018 HK$'000 (Restated)
Non-current assets				
Deferred tax assets	—	—	382	382
Current assets				
Amounts due from customers for contract work	73,602	(73,602)	—	—
Trade and other receivables	90,387	(20,444)	(893)	69,050
Contract assets	—	85,744	(1,422)	84,322
Current liabilities				
Amounts due to customers for contract work	35,971	(35,971)	—	—
Trade and other payables	70,151	(28,639)	—	41,512
Contract liabilities	—	56,308	—	56,308

Note: 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 statement of financial position as at 1 April 2018 as disclosed above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
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[3]
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]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
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 period beginning on or after 1 January 2020.

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases 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, except for short-term leases and leases of low value assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 16 "Leases" (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$619,000 as disclosed in note 28. A preliminary assessment indicates that these arrangements met the definition of a lease. Upon application of HKFRS 16, the Group recognised a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$31,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. Significant Accounting Policies

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurement that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

The principal accounting policies are set out below.

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

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

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies.

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

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

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

Revenue from construction contracts is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period.

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

Handling income is recognised at a point in time when services are provided.

Variable consideration

For contracts that contain variable consideration (variation order of construction work), 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 recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts including provision of building construction services, repair, maintenance and addition and alteration services is recognised on the percentage of completion method. The Group's policy for recognition of revenue from construction is described in accounting policy for construction contracts below.

Handling income is recognised when services are provided.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Construction contracts

Where 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, measured by reference to the value of work carried to date as a percentage of total contract value. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Borrowing costs

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

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefits schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business consolidation) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement 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 are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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.

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

(i) Amortised cost and interest income

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

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, contract assets and bank balance). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

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.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

(v) Measurement and recognition of ECL

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

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.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition (Continued)

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.

Impairment on tangible assets

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. Key Sources of Estimation Uncertainty

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

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

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

Measurement of value of construction works

The management measures the value of completed construction work based on output method, which is to recognise revenue on the basis of direct measurement of the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The Group has the qualified surveyors to periodically measure the value of the construction work completed for each construction project and issue the internal construction progress reports. The construction works performed by the Group would also be certified by the independent quantity surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the internal construction progress reports and the certification issued by the independent quantity surveyors.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually after considering internal credit ratings, past due status and repayment history of respective trade receivables and contract assets. Estimated loss rates are based on probability of default and loss give default with reference to external credit ratings and are adjusted for forward-looking information that is reasonable and supportable available without undue cost or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 16 and 17 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

5. Revenue

For the year ended 31 March 2019

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 March 2019 HK$'000
Types of services	
Provision of building construction services	230,465
Provision of RMAA Services	648,297
Total	878,762
Timing of revenue recognition	
Overtime	878,762

(ii) Performance obligations for contracts with customers

Construction services

The Group provides construction services, including building construction services and RMAA Services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work has been agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the Group issued invoice to the customers based on the value of work certified by the independent quantity surveyors.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 3 months to 2 years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

5. Revenue (Continued)

For the year ended 31 March 2019 (Continued)

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of building construction services and RMAA Services as at 31 March 2019 amounting to HK$276,035,000 and HK$1,081,090,000, respectively. Management expects that all the remaining performance obligations will be recognised as revenue over 1 to 3 years from the end of the reporting period.

For the year ended 31 March 2018

An analysis of the Group's revenue is as follows:

	2018 HK$'000
Contract revenue from provision of building construction services	95,679
Contract revenue from provision of RMAA Services	431,435
	527,114

6. Segment Information

The Group focuses primarily on the provision of building construction services and RMAA Services in Hong Kong. The operation of the Group constitutes one single operating and reportable segment. The management of the Group, being the chief operating decision maker of the Group, reviews the revenue and operating results of the Group as a whole which is prepared based on the same accounting policies as set out in note 3 above to make decisions about resource allocation and performance assessment and accordingly no separate segment information is prepared other than entity-wide disclosure.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during both years, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2019 and 2018.

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer A	373,229	215,967
Customer B	287,840	173,234
Customer C	100,611	N/A#
Customer D	91,288	66,541

Revenue from the customer is less than 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

7. Other Income and Gains and Losses

	2019 HK$'000	2018 HK$'000
Bank interest income	460	2
(Loss) gain on disposal of plant and equipment	(2)	250
Handling income	357	307
Others	—	1
	815	560

8. Impairment Losses, Net of Reversal

	2019 HK$'000	2018 HK$'000
Impairment losses recognised (reversed) on:		
— Trade receivables	1,086	—
— Contract assets	(114)	—
	972	—

Details of impairment assessment for the year ended 31 March 2019 are set out in note 31.

9. Finance Costs

	2019 HK$'000	2018 HK$'000
Interest on finance leases	58	104
Interest on bank borrowings	217	—
	275	104

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

10. Income Tax Expense

	2019 HK$'000	2018 HK$'000
The income tax expense comprises:		
Hong Kong Profits Tax:		
Current tax	7,725	5,019
Overprovision in prior year	—	(11)
	7,725	5,008
Deferred tax (note 24)	(42)	60
	7,683	5,068

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

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

For the year ended 31 March 2018, Hong Kong Profits Tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

The income tax expense for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
Profit before taxation	45,951	14,746
Tax at Hong Kong Profits Tax rate of 16.5%	7,582	2,433
Tax effect of income not taxable for tax purpose	(76)	—
Tax effect of expenses not deductible for tax purpose	362	2,674
Income tax at concessionary rate	(165)	—
Overprovision in prior year	—	(11)
Others	(20)	(28)
Income tax expense for the year	7,683	5,068

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

11. Profit for the Year

	2019 HK$'000	2018 HK$'000
Profit for the year is arrived at after charging:		
Staff costs		
Gross staff costs (including directors' emoluments)	60,122	41,071
Auditor's remuneration	1,050	830
Depreciation of plant and equipment	1,349	1,166
Directors' emoluments (see note 13)	6,061	3,470
Minimum lease payments in respect of office and warehouse	297	320

12. Dividends

Before the completion of group reorganisation, Double Gain declared interim dividend for the year ended 31 March 2017 of HK$18,419,000 to Mr. Tsang Chui Kwan and Mr. Tsang Man Ping, the then shareholders of Double Gain.

No dividend for the years ended 31 March 2018 and 2019 was declared, proposed, or paid for ordinary shares of the Company during the year of 2019 and since the end of the reporting period.

13. Directors' and Chief Executive's Emoluments and Employees' Emoluments

(a) Directors' emoluments and chief executive's emoluments

Details of the emoluments paid or payable by the Group, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance were as follows:

	Year ended 31 March 2019				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan	–	1,210	1,200	18	2,428
Mr. Tsang Man Ping	–	1,077	1,200	18	2,295
Mr. Lee Alexander Patrick	–	600	–	18	618
Subtotal	–	2,887	2,400	54	5,341

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

13. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

(a) Directors' emoluments and chief executive's emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

	Year ended 31 March 2019				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors:					
Mr. So Chun Man	240	—	—	—	240
Mr. Chen Yeung Tak	240	—	—	—	240
Ms. Li Amanda Ching Man	240	—	—	—	240
Subtotal	720	—	—	—	720
Total	720	2,887	2,400	54	6,061

The independent directors' emoluments shown above were for their services as directors of the Company.

	Year ended 31 March 2018				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan#	—	840	670	22	1,532
Mr. Tsang Man Ping#	—	840	500	22	1,362
Mr. Lee Alexander Patrick#	—	250	225	8	483
Subtotal	—	1,930	1,395	52	3,377

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

13. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

(a) Directors' emoluments and chief executive's emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

	Year ended 31 March 2018				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors:					
Mr. So Chun Man*	31	—	—	—	31
Mr. Chen Yeung Tak*	31	—	—	—	31
Ms. Li Amanda Ching Man*	31	—	—	—	31
Subtotal	93	—	—	—	93
Total	93	1,930	1,395	52	3,470

The independent directors' emoluments shown above were for their services as directors of the Company.

Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Mr. Lee Alexander Patrick were appointed as an executive director of the Company on 27 July 2017. Mr. Tsang Man Ping was also the chief executive officer of the Company.

* Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man were appointed as independent non-executive directors of the Company on 23 January 2018.

The bonus was discretionary as determined with reference to performance and market trends.

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

(b) Employees' emoluments

The five highest paid individuals of the Group during the year ended 31 March 2019 include three (2018: two) directors, details of whose emoluments are set out above. Details of the remaining two (2018: three) highest paid individuals for the year ended 31 March 2019 are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	1,284	1,391
Discretionary bonus	399	1,081
Retirement benefit scheme contributions	36	49
	1,719	2,521

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

13. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

(b) Employees' emoluments (Continued)

The emoluments of the highest paid employees who are not directors of the Company were within the following bands:

	2019 No. of individuals	2018 No. of individuals
Nil to HK$1,000,000	2	2
HK$1,000,001 to HK$1,500,000	–	1

During both years, no emoluments were paid by the Group to any of the directors or chief executive or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. Earnings Per Share

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

	2019 HK$'000	2018 HK$'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	38,268	9,678

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	372,000	290,975

Note: The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue (details as set out in note 25) had been effective on 1 April 2017.

Diluted earnings per share are not presented as there were no potential ordinary shares in issue during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

15. Plant and Equipment

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2017	—	—	571	4,598	5,169
Additions	185	—	126	1,564	1,875
Disposals	—	—	(67)	(502)	(569)
At 31 March 2018	185	—	630	5,660	6,475
Additions	—	1,112	—	492	1,604
Disposals	—	—	(37)	—	(37)
At 31 March 2019	185	1,112	593	6,152	8,042
DEPRECIATION					
At 1 April 2017	—	—	158	3,286	3,444
Provided for the year	87	—	116	963	1,166
Eliminated on disposals	—	—	(40)	(474)	(514)
At 31 March 2018	87	—	234	3,775	4,096
Provided for the year	92	204	119	934	1,349
Eliminated on disposals	—	—	(35)	—	(35)
At 31 March 2019	179	204	318	4,709	5,410
CARRYING VALUES					
At 31 March 2019	6	908	275	1,443	2,632
At 31 March 2018	98	—	396	1,885	2,379

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	50% or the term of the lease, whichever is shorter
Plant and machinery	20%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

As at 31 March 2019, motor vehicles with carrying amounts of HK$937,000 (2018: HK$1,720,000) are under finance leases arrangement (note 23).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

16. Trade and Other Receivables

	2019 HK$'000	2018 HK$'000
Trade receivables	82,935	52,676
Less: Allowance for credit losses	(1,712)	—
	81,223	52,676
Retention receivables	—	20,444
Prepayments to subcontractors	17,545	16,652
Other receivables and prepayment	1,009	615
Total trade and other receivables	99,777	90,387

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$81,223,000 and HK$52,676,000 respectively.

As at 31 March 2018, retention receivable of HK$20,444,000 of which HK$1,390,000 are due after one year.

Upon application of HKFRS 15, the retentions receivables were reclassified to contract assets.

Trade receivables

Trade receivables represent amounts receivable for works certified after deduction of retention money.

The Group allows a credit period of 30 days to its customers. The extension of credit period to customers may be granted on a discretionary basis by considering the credit worthiness, the customers' financial condition and payment history with the Group. The following is an aged analysis of trade receivables presented based on dates of works certified at the end of the reporting period, net of allowance for doubtful debts.

	2019 HK$'000	2018 HK$'000
1–30 days	33,268	21,295
31–60 days	48,883	23,798
61–90 days	—	—
Over 90 days	784	7,583
	82,935	52,676
Less: Impairment loss recognised	(1,712)	—
	81,223	52,676

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the trade receivables from existing customers is reviewed by the Group regularly.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

16. Trade and Other Receivables (Continued)

Trade receivables (Continued)

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$49,667,000 which are past due as at the reporting date. Out of the past due balances, HK$114,000 has been past due 90 days or more and is not considered as in default since the Group is still engaging with those corresponding debtors in active projects or the Group considers good cooperation relationships with these debtors exist. The Group does not hold any collateral over these balances.

As at 31 March 2018, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK$31,381,000, which is past due at the end of the reporting period for which the Group has not provided for impairment loss as these balances are either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	2018 HK$'000
Overdue	
1–30 days	23,798
Over 90 days	7,583
	31,381

Retention receivables

Retention receivables represent the retention money withheld from the amounts receivable for work certified. The due date of retention receivables is ranging from 3 months to 2 years from the date of the completion of respective project. Retention receivables are unsecured, interest-free and recoverable at the end of the defective liability period of respective contract.

The following is an aged analysis of retention receivables, based on invoice date of respective project, at the end of the reporting period.

	2018 HK$'000
Within one year	19,054
After one year	1,390
	20,444

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade and retention receivables from the date credit was initially granted up to the end of the reporting period.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in note 31.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

17. Contract Assets

	31.3.2019 HK$'000	1.4.2018* HK$'000
Analysed as current:		
Retention receivables of construction contracts (note a)	6,285	15,935
Unbilled revenue of construction contracts (note b)	82,219	69,809
Less: Impairment losses	(1,308)	(1,422)
	87,196	84,322

* The amounts in this column are after the adjustments from the application of HKFRS 9 and 15.

(a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. The due dates for retention receivables are one to two years after the completion of construction work.

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

Contract assets, that are expected to be settled within the Group's normal operating cycle, are classified as current based on expected settlement dates.

Details of the impairment assessment are set out in note 31.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

18. Amounts Due from (To) Customers for Contract Work

	2018 HK$'000
Contracts in progress at the end of the reporting period:	
Contract costs incurred plus recognised profits less recognised losses	1,361,206
Less: Progress billings	(1,323,575)
	37,631
Analysed for reporting purposes as:	
Amounts due from customers for contract work	73,602
Amounts due to customers for contract work	(35,971)
	37,631

As at 31 March 2018, retention receivables held by customers for contract work amounting to HK$20,444,000, were set out in note 16. Advances received from customers at 31 March 2018 are HK$28,639,000, were set out in trade and other payables in note 20.

19. Bank Balances and Cash

Bank balances and cash comprises cash on hand and bank balances. As at 31 March 2019, bank balances carry interest at prevailing market interest rates which were ranging from 0.03% to 0.11% (2018: 0.01% to 0.03%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

20. Trade and Other Payables

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on trade purchase is 30 to 60 days.

	2019 HK$'000	2018 HK$'000
Trade payables	51,799	30,598
Retention payables	6,807	4,471
Advances received from customers	—	28,639
Accrued listing expenses/shares issue expenses	—	1,881
Accruals and other payables	8,456	4,562
Total trade and other payables	67,062	70,151

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
1–30 days	31,872	20,030
31–60 days	6,207	4,333
61–90 days	4,962	2,139
Over 90 days	8,758	4,096
	51,799	30,598

Retention payables represent the retention money withheld from the amounts payable for work performed by the subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% portion is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 1 year from the date of the completion of respective project. The amount is unsecured, interest-free and repayable at the end of the defective liability period of respective contract. As at 31 March 2019, all the retention payables were aged within one year (2018: aged within one year).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

21. Bank Borrowings

	2019 HK$'000	2018 HK$'000
The carrying amounts of the bank borrowings are repayable		
Within one year	6,028	—

At 31 March 2019, all bank borrowings are unsecured variable-rate borrowings which carry interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") + 2% to HIBOR + 3% per annum.

22. Contract Liabilities

	31.3.2019 HK$'000	1.4.2018* HK$'000
Advances from customers of construction contracts, current	45,107	56,308

* The amount is after the adjustment from the application of HKFRS 15.

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

Revenue from construction contracts recognised during the year ended 31 March 2019 that was included in the contract liabilities at the beginning of the year was HK$56,308,000.

Typical payment term which impact on the amount of contract liabilities recognised are as follows:

Construction contracts

When the Group receives advances from customers before the construction commences, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the advances from customers. Advances from customers of construction contracts are net-off with the invoiced revenue amounts, normally within one year and according to the schedules of construction contracts.

23. Obligations Under Finance Leases

	2019 HK$'000	2018 HK$'000
Analysed for reporting purposes as:		
Current liabilities	575	959
Non-current liabilities	646	1,263
	1,221	2,222

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

23. Obligations Under Finance Leases (Continued)

The Group's leased its motor vehicles under finance leases. The average lease term is 4.6 (2018: 4.6) years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 1.80% (2018: 1.75% to 2.50%) per annum.

	Minimum lease payments At 31 March		Present value of minimum lease payments At 31 March	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Obligations under finance leases payable				
Within one year	606	1,018	575	959
Within a period of more than one year but not more than two years	427	638	415	607
Within a period of more than two years but not more than five years	234	670	231	656
	1,267	2,326	1,221	2,222
Less: Future finance charges	(46)	(104)	N/A	N/A
Present value of lease obligations	1,221	2,222		
Less: Amount due for settlement with 12 months (shown under current liabilities)			(575)	(959)
Amount due for settlement after 12 months			646	1,263

24. Deferred Taxation

The followings are the deferred tax assets and liabilities recognised by the Group and movements thereon during each reporting period:

	Impairment on trade receivables and contract assets HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2017	—	(89)	(89)
Charged to profit or loss (note 10)	—	(60)	(60)
At 31 March 2018	—	(149)	(149)
Adjustments due to adopting new standards (note 2)	382	—	382
At 1 April 2018 (restated)	382	(149)	233
Credit (charged) to profit or loss (note 10)	116	(74)	42
At 31 March 2019	498	(223)	275

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

25. Share Capital

The share capital as at 1 April 2017 represented the share capital of Double Gain. The share capital at 31 March 2018 represented the issued and fully paid share capital of the Company.

Details of the changes in the Company's share capital during the period from 4 July 2017 (date of incorporation) to 31 March 2019 are as follows:

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 4 July 2017 (date of incorporation) (note a)	39,000,000	390
Increase in authorised share capital (note b)	741,000,000	7,410
At 31 March 2018 and 2019	780,000,000	7,800
Issued and fully paid:		
At 4 July 2017 (date of incorporation) (note a)	1	—
Issue of shares (note a)	10,999	—
Issue of shares pursuant to the capitalisation issue (note c)	278,989,000	2,790
Issue of shares pursuant to the placing (note d)	65,100,000	651
Issue of shares pursuant to the public offer (note d)	27,900,000	279
At 31 March 2018 and 2019	372,000,000	3,720

The new shares issued rank pari passu in all respects with existing shares.

Notes:

(a) On 4 July 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each, of which one share was allotted and issued as fully paid to an initial subscriber (who is an independent third party) at par. During the year ended 31 March 2018, 10,999 shares were allotted and issued as fully paid.

(b) Pursuant to the written resolutions of the shareholders passed on 23 January 2018, the authorised share capital of the Company was increased from HK$390,000 to HK$7,800,000 by the creation of a further 741,000,000 shares of HK$0.01 each.

(c) On 13 February 2018, the Company capitalised the sum of HK$2,790,000 standing to the credit of the share premium account of the Company and applied the amount towards paying up in full 279,000,000 shares of nominal value of HK$0.01 each for allotment to the shareholders whose names appear on the register of members of the Company immediately before the listing of the shares of the Company on the Stock Exchange.

(d) On 13 February 2018, the Company allotted and issued 65,100,000 and 27,900,000 new shares of par value of HK$0.01 each, at HK$0.8 per share credited as fully paid, pursuant to the placing and public offer, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

26. Retirement Benefit Plans

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss for the year ended 31 March 2019 is HK$2,005,000 (2018: HK$1,561,000), which represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

27. Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 23 January 2018 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company. Details of the share option scheme are disclosed in the Directors' Report of this annual report.

During the year ended 31 March 2019, the Group did not grant any share option under the share option scheme of the Company.

28. Operating Leases

	2019 HK$'000	2018 HK$'000
Minimum lease payments paid under operating lease during the year	297	320

The Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of an office as follows:

	2019 HK$'000	2018 HK$'000
Within one year	305	293
After one year but within five years	314	7
	619	300

Operating lease payments represent rentals payable by the Group for certain office premises, workshops and warehouses. Leases are negotiated for terms of two years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

29. Capital Commitments

	2019 HK$'000	2018 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	–	778

30. Capital Risk Management

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

The capital structure of the Group consists of bank borrowings, cash and cash equivalents and equity comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a continuous basis. As part of this review, the management of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

31. Financial Instruments

Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	–	142,601
Amortised cost	173,883	–
Financial liabilities		
Amortised cost	64,634	35,069

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. Financial Instruments (Continued)

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, bank balances and cash, bank borrowings and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk management and impairment assessment

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

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2019 on trade receivables and contract assets (2018: trade receivables, retention receivables, and amounts due from customers for contract work) from the Group's three major customers amounting to HK$128,290,000 (2018: HK$117,143,000) and accounted for 76% (2018: 80%) of the Group's total trade receivables and contract assets. In the opinion of the management of the Group, the major customers of the Group are certain reputable organisations in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard.

Other receivables

The management of the Group regularly reviews and assesses the credit quality of the counterparties. The Group uses 12m ECL to assess the loss allowance of other receivables since these receivables are not past due and there has not been a significant increase in credit risk since initial recognition. In this regard, the directors of the Company consider that the Group's credit risk is not significant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

Bank balances (Continued)

The table below details the credit risk exposures of the Group's financial assets at amortised cost and contract assets, which are subject to ECL assessment:

2019	Notes	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost					
Bank balances and cash	19	Aa3/A1	N/A	12m ECL (not credit-impaired)	91,853
Other receivables	16	N/A	Low risk	12m ECL (not credit-impaired)	807
Trade receivables	16	N/A	(Note)	Lifetime ECL (not credit-impaired)	82,935
					175,595
Other item:					
Contract assets	17	N/A	(Note)	Lifetime ECL (not credit-impaired)	88,504
					264,099

Note: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables and contract assets are assessed individually based on internal credit rating.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

Gross carrying amount

Internal credit rating	Trade receivables HK$'000	Contract assets HK$'000
Low risk	6,026	49,464
Watch list	75,572	38,495
Doubtful	1,337	545
	82,935	88,504

The estimated loss rates are estimated based on probability of default and loss given default with reference to external credit ratings and are adjusted for forward-looking information that is available without undue cost or effort. Management performs review regularly to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2019, the Group provided HK$1,086,000 and reversed HK$114,000 impairment allowance for trade receivables and contract assets respectively.

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

	Trade receivables (not credit-impaired) HK$'000	Trade receivables (credit-impaired) HK$'000	Contract assets (not credit-impaired) HK$'000	Contract assets (credit-impaired) HK$'000
At 31 March 2018 under HKAS 39	—	—	—	—
Adjustment upon application of HKFRS 9	893	—	1,422	—
At 1 April 2018 — As restated	893	—	1,422	—
Impairment loss recognised	1,040	250	376	—
Impairment loss reversed	(204)	—	(490)	—
Write-offs	(17)	(250)	—	—
At 31 March 2019	1,712	—	1,308	—

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

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

The table includes both interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019					
Non-derivative financial liabilities					
Trade and retention payables	—	58,606	—	58,606	58,606
Bank borrowings	1.83	6,138	—	6,138	6,028
Obligations under finance leases	1.76	606	661	1,267	1,221
		65,350	661	66,011	65,855
At 31 March 2018					
Non-derivative financial liabilities					
Trade and retention payables	—	35,069	—	35,069	35,069
Obligations under finance leases	1.89	1,018	1,308	2,326	2,222
		36,087	1,308	37,395	37,291

Fair value

The fair values of financial assets and financial liabilities recorded at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

32. Reconciliation of Liabilities Arising from Financing Activities

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

	Bank borrowings HK$'000	Obligation under finance leases HK$'000	Accrued shares issue expenses HK$'000	Total HK$'000
At 1 April 2017	—	1,912	—	1,912
Acquisition	—	1,384	—	1,384
Interest accrued	—	104	—	104
Share issuance costs	—	—	7,041	7,041
Financing cash flows	—	(1,178)	(6,941)	(8,119)
At 31 March 2018	—	2,222	100	2,322
Interest accrued	217	58	—	275
Financing cash flows	5,811	(1,059)	(100)	4,652
At 31 March 2019	6,028	1,221	—	7,249

33. Major Non-Cash Transactions

During the year ended 31 March 2018, the Group entered into a finance lease arrangement in respect of a motor vehicle with a value of approximately HK$1,384,000 at the inception of lease. In addition, during the year ended 31 March 2018, the Company declared dividends amounting to HK$18,419,000 which is settled by offsetting the amounts due from shareholders in the same amount.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

34. Related Party Transactions

Other than the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

(i) Transactions

	2019 HK$'000	2018 HK$'000
Purchases of materials from: Victor Link Trading Limited (note)	127	14

Note: The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the common directors and ultimate controlling parties of Victor Link Trading Limited.

A director of the Company, Mr. Tsang Man Ping, entered into a tenancy agreement with landlord in respect of a premises that was used by the Group as an office and storage of goods. The rental expenses incurred by the Group during the year ended 31 March 2018 is HK$36,000 (2019: nil). The tenancy agreement was terminated in June 2017.

(ii) Compensation of key management personnel

The remuneration of key management personnel (including the directors of the Company) of the Group during the year is as follows:

	2019 HK$'000	2018 HK$'000
Fee	720	94
Salaries and other allowances	7,001	5,397
Retirement benefits scheme contributions	92	86
	7,813	5,577

The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements

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35. Particular of Subsidiaries

At 31 March 2019, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Kind of legal entity	Issued and fully paid capital	Equity interest attributable to the Company as at 31 March 2019	2018	Principal activities
Directly held						
Nation Max	BVI/Hong Kong	Limited liability company	US$10,000	100%	100%	Investment holding
Indirectly held						
Double Gain	Hong Kong	Limited liability company	HK$20,010,000	100%	100%	Provision of building construction services and RMAA Services

None of the subsidiaries had issued any debt securities at the end of the year.

36. Statement of Financial Position and Reserves of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investment in a subsidiary	68,893	68,893
Current assets		
Other receivables	95	75
Amounts due from subsidiaries (Note)	12,589	1,355
Bank balances and cash	37,291	51,833
	49,975	53,263
Current liability		
Other payables	522	2,098
Net assets	118,346	120,058
Capital and reserves		
Share capital	3,720	3,720
Reserves	114,626	116,338
Total equity	118,346	120,058

Note: The management of the Company considered that the expected loss on amounts due from subsidiaries is insignificant having assessed the financial positions and historical repayment record of these subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

36. Statement of Financial Position and Reserves of the Company (Continued)

Movement of the reserves of the Company is as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	—	—	—
Arising from group reorganisation	68,893	—	68,893
Capitalisation issue	(2,790)	—	(2,790)
Issue of new shares upon listing	73,470	—	73,470
Share issuance costs	(7,041)	—	(7,041)
Loss and total comprehensive expenses for the year	—	(16,194)	(16,194)
At 31 March 2018	132,532	(16,194)	116,338
Loss and total comprehensive expenses for the year	—	(1,712)	(1,712)
At 31 March 2019	132,532	(17,906)	114,626

Financial Summary

Results

	For the year ended 31 March			
	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Revenue	**878,762**	527,114	430,524	255,997
Profit for the year attributable to owners of the Company	**38,268**	9,678	27,992	13,509

Assets and Liabilities

	At 31 March			
	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Total assets	**281,820**	235,932	106,224	70,256
Total liabilities	**(122,260)**	(112,707)	(61,617)	(41,312)
Total equity	**159,560**	123,225	44,607	28,944

The results for the two years ended 31 March 2017 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, as the time when the Company's shares were listed on GEM of the Stock Exchange, had been in existence throughout the years concerned. The figures for the two years ended 31 March 2017 have been extracted from the Company Prospectus dated 30 January 2018. No financial statements of the Group for the year ended 31 March 2015 has been published.