Man King Holdings Limited
萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2193

2019 ANNUAL REPORT

Man King
萬景控股

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong *(Chairman)*
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

Leung Wai Tat Henry *(Chairman)*
Chan Wai Ying
Chau Wai Yung
Lo Man Chi

REMUNERATION COMMITTEE

Chau Wai Yung *(Chairman)*
Lo Yuen Cheong
Leung Wai Tat Henry
Lo Man Chi

NOMINATION COMMITTEE

Lo Yuen Cheong *(Chairman)*
Lo Yick Cheong
Chau Wai Yung
Leung Wai Tat Henry
Lo Man Chi

AUTHORISED REPRESENTATIVES

Lo Yuen Cheong
Wan Ho Yin

COMPANY SECRETARY

Wan Ho Yin

SOLICITORS

CFN Lawyers in association
with Broad & Bright
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL OFFICE

Unit D, 10/F
Skyline Tower
18 Tong Mi Road
Mongkok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2193

WEBSITE

http://www.manking.com.hk

On behalf of the board of Directors (the "Board") of Man King Holdings Limited (the "Company"), I am pleased to report the results for the Company and its subsidiaries (collectively the "Group" or "we") for the year ended 31 March 2019.

PERFORMANCE AND STRATEGY

The Board continues its supports and challenges the executive management team to deliver operational excellence and the Group's financial performance, whilst regularly reviewing its principal risks, the Group's systems of risk management and internal control.

2018 was a year of significant progress for the Group that included an important milestone of the first overseas contract providing coal transshipment services for 2 x 660 MW coal fired power plant in Karachi, Pakistan. With support from the Board and the project partner, the acquisition of 20.3% share of this "One Belt One Road" project has progressed at pace with the process completed in February 2019. The Board is pleased to see that this overseas business aligns with the Group's long term development strategy to broaden its service and market portfolio and to provide a steady stream of revenue capable of delivering organic growth to the Group in the coming years.

The Board is very pleased to the Group's excellent performance in delivering quality works in construction. Among the projects being executed Group, the performance in the Signature project in Shatin was particularly super and was highly commended by our client (Civil Engineering Development Department). This project was also presented with a Highly Commended Award in the New Engineering Contract (NEC) Project of the Year 2018 by the Institution of Civil Engineers, UK. This award recognised excellence in project delivery through collaborative partnership between the client, related stakeholders and us.

However, year 2018 was another difficult year to the local construction contracting sector and us. With few contracts came to substantial completion by the end of 2018, their contributed profits to the Group diminish and were significantly less than that of the last financial year. The new projects, such as waterworks with HKSAR Water Supplies Department and the private Kadoorie Farm project, which are at preliminary stage, are yet to provide significant financial contribution to the Group. This decreased the Group's gross profit from HK$34.5 million in last financial year to HK$22.5 million in current financial year. This 34.8% drop in gross profit together with the adoption of the new accounting standard has led to a net loss in our core business.

The local public civil engineering market remains challenging and dire competitive. There is, however, no change to the Group policy going forward. We continued to work collaboratively with chosen partners in form of joint venture to optimize our competitive strength with minimized risk. We also focused on our work quality and strictly monitored project cost to prevent cost overrun.

OUR PEOPLE

Our people make the Company. Every project we work on depends on the skills and expertise of our people. Our aims are to ensure that our employees exhibit the values and behaviours of the company. Our strategy remains what we reported in last year, the safety and career development to our people remain a priority and we once again attained zero fatality and extremely low accident rates comparing with statistic figures of the industry. Our long term goal remains attracting, engaging, retaining and developing the best people for the Group and our customers.

OUTLOOK

Looking ahead, there is a very positive outlook for the Group's broader market portfolio. The Group has taken its first step to diversify business outside Hong Kong. We expect more opportunities, but more challenges ahead. We continue cautiously to maintain sufficient fund flow and work force of the Group for effective operation and further expansion of our business, and reasonable returns from our investment.

Lo Yuen Cheong
Chairman
18 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overview

The Group is principally engaged in providing civil engineering services in Hong Kong as a main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works (including barging facilities for marine logistics of construction materials). The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out onsite supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

Construction contracts are normally awarded through competitive tendering process. The Group determines a tender price by estimating the construction costs under the contract duration as specified in the tender invitation documents. One of the principal risks of the Group is that any error or inaccurate estimation of project costs when determining the tender price may result in substantial loss. As such, the Group has a tender department formed by a high calibre and committed professional workforce to fully support the tendering process, to ensure the accuracy and to bring the best interests to the Group.

As at 31 March 2019, the Group had eight projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK$689.7 million. Subsequent to 31 March 2019, a joint venture established by a wholly-owned subsidiary of the Company and an independent third party (the "JV") has entered into a contract with a customer, who is also an independent third party of the Group and the JV. Total contract sum thereunder is approximately HK$155.0 million.

Principal risks and uncertainties

The management considers that the followings are the principal risks and uncertainties faced by the Group:

(i) the business of the Group relies on successful tenders and any failure of the Group to secure tender contracts would affect the operations and financial results of the Group;

(ii) erroneous or inaccurate estimation of project duration and the costs involved when determining the tender price may adversely affect the profitability and financial performance of the Group;

(iii) the historical revenue and profit margin may not be indicative of the future revenue and profit margin of the Group; and

(iv) any delay or defects of the suppliers' and subcontractors' works of the Group would adversely affect its operations and financial results.

Customers and suppliers

The major customers of the Group are the HKSAR Government and certain reputable organisations. The public sector customers are normally required to make payments to the Group within 21 days after the issue of the progress certificate by the authorised person, while the private sector customers are normally required to make payments to the Group within 60 days after the issue of the invoice. As at the date of this report, all of the trade receivables have been subsequently settled. The management of the Group considers that the credit risk is limited in this regard.

On the other hand, the Group maintains a good relationship with its key subcontractors and suppliers, and no warnings relating to the supply or quality of materials has been received. We have performed subcontractor and supplier annual performance evaluations and the results are satisfactory.

Environmental policies

The Group has also observed the laws and regulations in relation to environmental protection in Hong Kong, such as Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Dumping at Sea Ordinance, Environmental Impact Assessment Ordinance and Public Health and Municipal Services Ordinance. Prior to the commencement of work, the Group will assess the implications and requirements of the aforesaid laws and regulations and apply for necessary permits (if applicable) to conduct its work. The Group also ensures that the subcontractors and their workers comply with the Group's environmental management policy on the basis of appropriate education, training and/or expertise. In particular, the Group holds regular meetings with them to discuss environmental related issues during the course of a project. The breach of the aforesaid laws and regulations may lead to penalty or fine by the relevant government authorities or even suspension of works. During the year ended 31 March 2019, the Group was in compliance with applicable environmental laws and regulations in all material aspects.

Compliance with laws and regulations

Saved as disclosed in the compliance with environmental laws and regulations mentioned above, the Group has been in compliance in all material respects with all the other relevant laws, rules and regulations. The Group will continue to deploy adequate resources and make an effort to maintain and enhance internal control in order to mitigate any non-compliance issues.

Future outlook

As we move into 2019 the global market is grappling with the uncertain outcomes from the ongoing US-China trade war which are expected to have an impetuous impact on the economic performance and growth in Hong Kong. This global trade conflict together with the challenges in the local construction market that the contracting sector has had to address during the year, it is important for us to remain fit and healthy for future growth.

Given the continuous supportive HKSAR government policies in infrastructure development, namely sustained road network development and comprehensive strategy in flood prevention, demand for civil engineering services is expected to be maintained during the coming years. In the year, we have focused on fostering a collaborative culture to cope with adoption of New Engineering Contracts by the HKSAR for public works. We continued to work collaboratively with chosen partners in form of joint venture to optimize our competitive strength with minimized risk and had successfully secured a contract of approximately HK$155.0 million in April 2019.

Our business delivered a consistent gross profit margin between 12% and 15% during the year. However, the amount of revenue and gross profit decreased which resulted a net loss in our principal business. Our order book is at approximately HK$689.7 million and we expect the level will be recovered in the coming years.

Further, we have managed to diversify and expand our business outside Hong Kong by investing in an One Belt One Road project in January 2019 which is principally engaged in bareboat charter and coal transshipment services for a coal-fired power plant in Pakistan for a term of 15 years commencing from the mid-September 2019 this year. The key business initiative of the Group is to develop its business in One Belt One Road, such as the China Pakistan Economic Corridor, and seek further opportunity arising therefrom the economic and infrastructure developments. With 20.3% interest in the project, we have a key play role on technical and financial management of the project. Given the expected affirmative prospect of One Belt One Road, we believe the investment will not only be beneficial to our Group's financial performance but also a robot platform for building our experience and strength in the worldwide transshipment business.

Employees and remuneration policies

As at 31 March 2019, the Group had an aggregate of 130 full-time employees (2018: 135 full-time employees) and total employee costs excluding directors' emoluments for the year ended 31 March 2019 was approximately HK$56.0 million (2018: HK$52.0 million). The Group was in compliance with Employment Ordinance, Employees' Compensation Ordinance and other applicable regulations, and salary payment was made on time without any dispute. Competitive remuneration packages are structured for each employee commensurate with individual responsibility, qualifications, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as performance of the individual.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss

Revenue

The Group's revenue for the year ended 31 March 2019 was approximately HK$184.6 million, representing a decrease of approximately 20.5% from approximately HK$232.2 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

(i) higher revenue of approximately HK$3.9 million for three projects commenced in late 2018 or early 2019;

(ii) higher revenue of approximately HK$14.7 million for five projects in progress during the year ended 31 March 2019;

(iii) lower revenue of approximately HK$43.2 million for projects for the year ended 31 March 2019 as compared to the revenue of approximately HK$46.1 million recognised for the same projects which had been completed in the prior years;

(iv) lower revenue of approximately HK$23.6 million for projects substantially completed during the year ended 31 March 2019; and

(v) service income from trading of construction materials of approximately HK$0.6 million from April to July 2018.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2019 was approximately HK$22.4 million, representing a decrease of approximately 35.0% from approximately HK$34.5 million in the same period of the last financial year.

The gross profit margin decreased from approximately 14.9% for the year ended 31 March 2018 to approximately 12.2% for the year ended 31 March 2019. The expected gross profit margin for new projects is lower than those undertaken in previous years which reflects keen competition in the construction industry.

Other income

Other income was approximately HK$2,384,000 and HK$1,460,000 for the years ended 31 March 2019 and 2018, respectively. The increase was mainly due to more bank interest income during the year.

Other gains and losses

Other gains were approximately HK$163,000 and HK$2,236,000 for the years ended 31 March 2019 and 2018, respectively. The decrease was mainly due to the exchange loss as a result of the depreciation of foreign currencies and the decreasing of net change in fair value of financial assets at fair value through profit or loss.

Administrative expenses

Administrative expenses for the year ended 31 March 2019 were approximately HK$27.4 million, representing a decrease of 5.7% from approximately HK$29.1 million in the last financial year. This was mainly attributable to the decrease in the share-based payment transactions and the decrease in motor vehicle expenses and tender expenses during the year ended 31 March 2019.

Finance costs

The Group has obtained new bank borrowing since late 2017 and accordingly finance costs increased to approximately HK$81,000 (2018: HK$27,000).

Income tax expense

The effective tax rate for the year ended 31 March 2018 was approximately 23.1%. The Group recorded income tax credit of approximately HK$71,000 for the year ended 31 March 2019.

Loss for the year

For the year ended 31 March 2019, the Group recorded net loss of approximately HK$2.6 million, as compared to a net profit of approximately HK$7.0 million in the last financial year. This was mainly due to the decrease in revenue and gross profit for the year ended 31 March 2019 as mentioned in the paragraphs headed "Revenue" and "Gross profit and gross profit margin" above.

Consolidated Statement of Financial Position

Net assets of the Group decreased by approximately 16.2% from approximately HK$280.9 million as at 31 March 2018 to approximately HK$235.5 million as at 31 March 2019.

Non-current assets increased from approximately HK$22.0 million as at 31 March 2018 to approximately HK$90.6 million as at 31 March 2019, primarily due to new investment in an associate as set out in note 15 to the consolidated financial statements.

Net current assets decreased by approximately 44.2% from approximately HK$260.2 million as at 31 March 2018 to approximately HK$145.3 million as at 31 March 2019, primarily due to an investment in an associate which is classified as a non-current asset.

Liquidity and financial resources

As at 31 March 2019, the Group had bank balances and cash of approximately HK$96.9 million (2018: HK$153.6 million), which were mainly denominated in Hong Kong dollars. There is no major exposure to foreign exchange rate fluctuations. The Group has not adopted any currency hedging policy or other hedging instruments.

As at 31 March 2019, the Group had interest bearing borrowing of approximately HK$1.9 million (2018: HK$3.0 million) with a repayable on demand clause. Such borrowing was denominated in Hong Kong dollars, carried at variable interest rate and had no financial instrument for hedging purpose.

The Group has available unutilised bank borrowing facilities of approximately HK$49.3 million as at 31 March 2019 (2018: HK$11.7 million).

Capital structure and gearing ratio

As at 31 March 2019, total equity was approximately HK$235.5 million (2018: HK$280.9 million) comprising ordinary share capital, share premium and reserves.

As at 31 March 2019, the gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, is 0.8% (2018: 1.1%).

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 22 and 35 to the consolidated financial statements accordingly.

New business

During the year ended 31 March 2019, the Company did not commence any new type of business.

Significant investments

During the year ended 31 March 2019, the Company did not hold any significant investment.

Material acquisitions and disposal of subsidiaries and associated companies

During the year ended 31 March 2019, the Group had entered into the subscription agreement to subscribe for shares of River King Management Holdings Limited ("River King") which constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The completion of the share subscription of River King took place on 20 February 2019 whereby River King became an associated company of the Company. Details of the subscription are set out in note 15 to the consolidated financial statements, and were disclosed in the announcements of the Company dated 18 January 2019, 20 February 2019 and 31 May 2019, respectively.

Future plans for material investments or capital assets

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Yuen Cheong, 66, is the Chairman and executive Director of the Company and also the chairman of Nomination Committee and member of Remuneration Committee. He is responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group.

Mr. Lo Yuen Cheong has over 38 years of experience in working in the civil engineering industry. He is qualified as a Chartered Engineer registered with The Engineering Council of the United Kingdom and a Registered Professional Engineer with Engineers Registration Board of Hong Kong. He is also a member of The Institution of Civil Engineers of the United Kingdom and a member of The Hong Kong Institution of Engineers.

Mr. Lo Yuen Cheong obtained a Master degree of Engineering (MEng) from The University of Sheffield in 1979, and a Master degree of Arts (MA) from The University of Oklahoma in 1998.

He is the brother of Mr. Lo Yick Cheong and the brother-in-law of Ms. Chan Wai Ying.

Mr. Lo Yick Cheong, 63, is the executive Director of the Company and also the member of Nomination Committee. He is responsible for the operations and business development and is jointly responsible for the formulation of business development strategies of our Group.

Mr. Lo Yick Cheong has over 37 years of experience in working in the engineering industry. He is qualified as a Chartered Engineer of The Engineering Council of the United Kingdom, and a Registered Professional Engineer with Engineers Registration Board of Hong Kong. He is also a member of The Institute of Marine Engineers of the United Kingdom, and a member of The Hong Kong Institution of Engineers.

Mr. Lo Yick Cheong obtained a diploma in Marine Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1976, a degree of Bachelor of Engineering with First Class Honours in Mechanical Engineering from University of Newcastle Upon Tyne in the United Kingdom in 1986, and a Master degree of Business Administration from University of Leicester in the United Kingdom in 1995. He attained a certificate of competency (Marine Engineer Officer), class 1 (Steamship and Motorship) at the Department of Transport in the United Kingdom in 1985.

He is the brother of Mr. Lo Yuen Cheong and the brother-in-law of Ms. Chan Wai Ying.

NON-EXECUTIVE DIRECTOR

Ms. Chan Wai Ying, 54, is the non-executive Director of the Company and also the member of Audit Committee. She has over 24 years of experience in accounting profession and she advises the board on internal control and financial management.

Ms. Chan Wai Ying is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

She is the sister-in-law of Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wai Tat Henry, 70, is the independent non-executive Director of the Company. He has over 40 years of experience working in the engineering industry. He had worked with the Hong Kong Government as structural engineer from May 1980 to December 1982. He also had six years of experience working in Australia. From March 1984 to June 1986, he worked with Macdonald Wagner Pty Limited and was promoted to the position of senior engineer. From June 1986 to May 1989, he worked with Transfield Construction Pty Limited as a structured engineer. He was employed by Jacobs China Limited for the period from September 1990 to March 2005. His last position was managing director.

Mr. Leung graduated with a Bachelor degree of Science in Engineering from The University of Hong Kong in November 1973 and a Master degree of Engineering Science from The University of Sydney, Australia in May 1984. He is a member of The Institution of Civil Engineers of the United Kingdom, a fellow of The Hong Kong Institution of Engineers, and a fellow of The Institution of Structural Engineers of the United Kingdom. He is also a Registered Professional Engineer with Engineers Registration Board of Hong Kong.

Professor Lo Man Chi, *JP*, 53, is the independent non-executive Director of the Company. She has joined The Hong Kong University of Science and Technology since 1992, and is currently a full professor in the Department of Civil and Environmental Engineering. She has extensive research and practical experience in the field of civil and environmental engineering, and produced various academic publications.

Professor Lo is an elected Academician of class VI – Technical and Environmental Sciences of the European Academy of Sciences and Arts in July 2014. She is a fellow of The Hong Kong Institution of Engineers and a fellow of American Society of Civil Engineers. She was the chairperson of the Environmental Division of The Hong Kong Institution of Engineers. She obtained a Bachelor of Science degree in Engineering from National Taiwan University in 1988, as well as a Master of Science degree in Engineering, and a Doctor of Philosophy degree from The University of Texas at Austin in 1990 and 1992, respectively.

Ms. Chau Wai Yung, 34, is the independent non-executive Director of the Company. She is an associate member of Hong Kong Institute of Certified Public Accountants, and has worked as an accountant with Deloitte Touche Tohmatsu for more than 4 years. Thereafter, she joined the corporate recovery & forensic services department of Mazars CPA Limited from March 2011 to September 2012. From 2014 to 2016, she worked as a project manager consultant with Vieste Investments Limited. She currently works in Corporate Strategy and Development Department with Li Tong Group.

Ms. Chau graduated with a Bachelor degree of Social Sciences with first class honours from The Chinese University of Hong Kong in May 2006. She also obtained a postgraduate certificate in professional accounting from City University of Hong Kong in summer 2006.

SENIOR MANAGEMENT

Mr. Chiu Kwok Ming, 55, is the assistant general manager (estimating, procurement, health & safety, and quality assurance) of the Group. He leads the Group's tendering department, and assumes the responsibility for our Group's quality assurance affairs, together with our Group's health and safety, and environmental management.

Mr. Chiu has over 33 years of experience working in the civil engineering industry and he was trained as a lead auditor for implementing and monitoring quality assurance of the Group.

Mr. Lam Chun Pan, 44, is the assistant general manager (operation and service) of the Group. He carries out the operational responsibility for the Group's construction and services operations.

Mr. Lam is a member of The Hong Kong Institution of Engineers, and has over 22 years of experience working in the civil engineering industry.

Mr. Wan Ho Yin, 41, is the chief financial officer and company secretary of the Group. He is responsible for the Group's financial affairs, engaging and overseeing all aspects of the corporate financial activities, internal control, treasury, and investors' relation of our Group.

Mr. Wan is a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants, and has over 18 years of experience in accounting profession.

Mr. Lam Tat Shing, 41, is the senior project manager of the Group. He is responsible for site operation and management of civil and marine projects.

Mr. Lam is a member of The Hong Kong Institution of Engineers, and has over 19 years of experience working in the civil engineering industry. He also has experience of port works and fill management.

DIRECTORS' REPORT

The directors of the Company (the "Directors") present their annual report together with the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provides corporate management services.

The activities of its principal subsidiaries and joint operations (set out in notes 36 and 37 to the consolidated financial statements) are engaged in construction and civil engineering works.

RESULTS AND APPROPRIATIONS

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 35 of the annual report and in accompanying notes to the consolidated financial statements.

DIVIDEND POLICY

The Directors acknowledge the importance of stakeholders' engagement and it is the Company's dividend policy to contemplate at least two times a year (prior to the announcement of annual and interim results) on the distribution of a dividend. While the Directors endeavour to share the Group's results with shareholders by way of a dividend, the portion and actual amount of distribution out of profits will be determined by the Directors having regard to a variety of factors, including but not limited to the Group's actual and expecting operating results and conditions, gearing level, general financial condition, availability of cash, future plans and funding needs for expansion.

The payment of dividend by the Company is also subject to any restrictions under the articles of association of the Company (the "Articles of Association"). The dividend policy will be reviewed periodically and when necessary in light of changes in circumstances and regulatory requirements. There is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend final dividend for the year ended 31 March 2019 (2018: HK3.5 cents).

As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

DISTRIBUTABLE RESERVES

Movements in the reserves of the Group and of the Company are set out in the consolidated statement of changes in equity on page 37 and note 38 to the consolidated financial statements respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92 of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Monday, 19 August 2019 (the "2019 Annual General Meeting"), the register of members of the Company will be closed from Wednesday, 14 August 2019, to Monday, 19 August 2019, both dates inclusive, during which period no transfer of shares of the Company (the "Shares") will be registered. In order to be eligible to attend and vote at the 2019 Annual General Meeting, the unregistered holders of shares of the Company 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 13 August 2019.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed in note 28 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares.

CHARITABLE DONATIONS
Charitable donations made by the Group during the year ended 31 March 2019 amounted to HK$51,000.

PROPERTY, PLANT AND EQUIPMENT
Details of the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL
Details of movements in the share capital of the Company are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS
There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

DIRECTORS
The Directors of the Company during the year and up to the date of this report are:

Executive Directors:
Lo Yuen Cheong *(Chairman)*
Lo Yick Cheong

Non-executive Director:
Chan Wai Ying

Independent non-executive Directors:
Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

In accordance with the provisions of the Company's bye-laws, one-third of the existing Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Accordingly, Mr. Lo Yick Cheong and Ms. Chan Wai Ying will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" in this report.

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

DIRECTORS' SERVICE CONTRACTS
Each of the executive Directors has entered into a service agreement with the Company. The service contracts are initially for a fixed term of three years and will continue thereafter until terminated by not less than three months' written notice to the other party.

Non-executive Director and independent non-executive Directors have been appointed for a fixed term of two years and the appointment is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS
No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the management on the basis of their merits, qualifications and competence.

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 31 March 2019, the Group had an aggregate of 130 (2018: 135) full-time employees. Employee costs excluding directors' emoluments totalled approximately HK$56.0 million for the year ended 31 March 2019 (2018: HK$52.0 million). The Group recruited and promoted the employees according to their strengths and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

Details of Directors', Chief Executive's and employees' emoluments are set out in note 10 to the consolidated financial statements.

In addition to the above, a share option scheme is adopted for rewarding and retaining Directors and employees for the continual operation and development of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions and Connected Transactions", no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE INTERESTS IN SECURITIES

A. Directors' and the Chief Executive's interests in the shares of the Company

As at 31 March 2019, the interests and/or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,000,000	71.46%
	Beneficial owner	4,364,000	1.04%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,000,000	71.46%
Chan Wai Ying of the Company	Beneficial owner	1,500,000	0.36%
Leung Wai Tat Henry of the Company	Beneficial owner	100,000	0.02%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	50,000 of US$1 each	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	50,000 of US$1 each	100%

Note: Jade Vantage Holdings Limited, which owns 71.46% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares of the Company in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

None of the Directors nor the Chief Executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the year.

B. Substantial shareholders and other interests

As at 31 March 2019, so far as the Directors are aware, the following persons (not being a Director or a Chief Executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,000,000	71.46%
Jade Vantage Holdings Limited	Beneficial owner	300,000,000	71.46%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,000,000	71.46%
	Beneficial owner	700,000	0.17%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note)	300,000,000	71.46%

Note: Jade Vantage Holdings Limited, which owns 71.46% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares of the Company in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, no other person (other than Directors or Chief Executive of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the listing of the Company on the Stock Exchange on 3 July 2015 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to recognise and acknowledge the contribution of the eligible participants made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to Directors (including the independent non-executive Directors), the Company's subsidiaries, employees of the Group and other persons the Board considers have contributed or will contribute to the Group. The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the grant date, unless otherwise approved by the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall remain effective within a period of 10 years from that date.

No option was granted or exercised during the year ended 31 March 2019.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2019, the five largest customers of the Group and the single largest customer of the Group accounted for approximately 91.3% and 44.2% (2018: 92.3% and 57.4%) of the total revenue of the Group, respectively. The five largest suppliers and the single largest supplier of the Group during the year accounted for approximately 50.8% and 16.3% (2018: 63.0% and 15.5%) of the total purchases of the Group, respectively. The five largest subcontractors and the single largest subcontractor of the Group during the year accounted for approximately 72.1% and 26.6% (2018: 61.3% and 23.5%) of the total subcontracting fee of the Group, respectively.

As far as the Directors are aware, none of the Directors, their associates, within the meaning of the Listing Rules, or those shareholders which to the knowledge of the Directors own more than 5% of the Company's share capital have an interest in any of the five largest customers and/or five largest suppliers/subcontractors of the Group for the year ended 31 March 2019.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 34 to the consolidated financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that he/she is neither engaged, nor interested, in any business which, directly or indirectly, competes or may compete with the Group's business.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong, Ms. Tam Wai Sze, Vera, Ms. Cheung Suk Ching, Savonne, Jade Vantage Holdings Limited and LOs Brothers (PTC) Limited entered into a deed of non-competition dated 3 June 2015 (the "Deed of Non-Competition") so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance its corporate governance in connection with the listing of the shares on the Stock Exchange.

The independent non-executive Directors were delegated with the authority to review, on an annual basis, the compliance with the Deed of Non-Competition. The independent non-executive Directors were not aware of any non-compliance of Deed of Non-Competition during the year ended 31 March 2019.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged appropriate directors' and officers' liability insurance coverage for its Directors and officers.

CORPORATE GOVERNANCE

The Board of the Company are committed to maintain high standards of corporate governance with the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules with exception of deviation. Detailed information on the Company's corporate governance practices is set out in the "Corporate Governance Report" contained in pages 16 to 24 of the annual report.

BUSINESS REVIEW

Detailed information on the Group's business review is set out in the "Management Discussion and Analysis" contained in pages 4 to 7 of the annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as Auditor of the Company.

On behalf of the Board

Lo Yuen Cheong
Chairman and Executive Director
18 June 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound internal control, appropriate risk management, monitoring procedures and transparency to all shareholders and stakeholders.

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules for the year ended 31 March 2019, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group's business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

THE BOARD

The Board has a balanced composition of members to ensure independent judgment being exercised in all discussions. The Board focuses on the overall strategies, policies and business plans of the Group, monitors the financial performance, internal controls and risk management of the Group. Executive Director and senior management are responsible for the day-to-day operations of the Group.

The composition of the Board and the individual attendance (Board meetings and annual general meeting) of each Director are set out below:

Attendance	Board meetings from 1 April 2018 to the date of this report	2018 annual general meeting
Executive Directors		
Lo Yuen Cheong	5/5	1/1
Lo Yick Cheong	5/5	1/1
Non-executive Director		
Chan Wai Ying	5/5	1/1
Independent non-executive Director		
Leung Wai Tat Henry	5/5	1/1
Lo Man Chi	5/5	1/1
Chau Wai Yung	5/5	0/1

In compliance with Rules 3.10A, 3.10 (1) and (2) of the Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this report. Save for the relationships as detailed in the biographical details, there is no other relationship among the Board to the best knowledge of the Board members. The Company has also maintained on its website and that of the Stock Exchange an updated list of its Directors identifying their roles and functions and whether they are independent non-executive Directors. The independent non-executive Directors are explicitly identified in all of the Company's corporate communications.

Under code provision A.1.1 of the CG Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

Directors' resolutions were passed by way of written resolutions or by physical meetings. The Company has to comply with the CG Code provisions with regard to the conduct of meetings, have annual meeting schedules and draft agenda of each meeting made available to Directors in advance and serve notice of regular Board meetings to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is required to be given.

Board papers together with all appropriate, complete and reliable information have to be sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate directors' and officers' liability insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. No claim was made against the Directors and officers of the Company for the year ended 31 March 2019.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman and chief executive officer are two key aspects of the management of a company. Chairman performs the management of the Board and Chief Executive Officer performs the day-to-day management of the business.

The Company considered that both positions of Chairman and Chief Executive Officer require persons with in-depth knowledge and experience of the Group's business. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

During the year, Mr. Lo Yuen Cheong has been both the Chairman and Chief Executive Officer of the Company. In addition to his responsibilities as Chairman leading and organising the business of the Board, ensuring its effectiveness, setting agenda and formulating overall strategies and policies of the Company, he has taken up the role of Chief Executive Officer to manage the Group's business and overall operation in an efficient manner. The day-to-day business of the Group has been delegated to the divisional heads responsible for the different aspects of the business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, and will continue thereafter until terminated by not less than three months' written notice to the other party.

Non-executive Director and each of the independent non-executive Directors have been appointed for an initial term of two years. The appointments are subject to the provisions of the Company's articles of association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's articles of association. Pursuant to the Company's articles of association, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee.

BOARD COMMITTEE

The Company established a Nomination Committee, Remuneration Committee and Audit Committee with terms of reference in compliance with the CG Code, which are posted on the websites of the Company and the Stock Exchange.

Nomination Committee

The Nomination Committee currently comprises five members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, *JP* and Ms. Chau Wai Yung, and two executive Directors including Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

The principal responsibilities of the Nomination Committee are regular reviewing of the Board composition, identifying and nominating suitable candidates as Board members, assessing of the independence of the independent non-executive Directors and Board evaluation.

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2019 and up to the date of this report.

From 1 April 2018 up to the date of this report, two meetings of the nomination committee was held to review the size, composition and diversity of the Board, the policy for nomination of Directors and the procedures, process and criteria to select and recommend candidates for directorship during the year. The attendance of individual members in the meeting is set out below:

Attendance	**From 1 April 2018 to date of this report**
Lo Yuen Cheong *(Chairman)*	2/2
Lo Yick Cheong	2/2
Chau Wai Yung	2/2
Leung Wai Tat Henry	2/2
Lo Man Chi	2/2

The Board has amended and adopted a nomination policy with effect from 27 December 2018. The nomination of candidate(s) is made in accordance with certain selection criteria: (a) reputation for integrity; (b) accomplishment and experience; (c) commitment in respect of available time and relevant interest; and (d) diversity in all aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of members of the Board, in assessing and selecting proposed candidates for directorship. The relevant procedures are set out in nomination policy for the Nomination Committee to follow subject to provisions in the Company's Articles of Association and applicable Listing Rules. The Board recognizes the need for appointment or re-election of directors, the following nomination procedures should be followed:

(a) The Nomination Committee shall review the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board at least once annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

(b) The Nomination Committee shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

(c) The Nomination Committee shall assess the independence of independent non-executive directors.

(d) The Nomination Committee shall make recommendations to the Board on the appointment or re-election of directors and succession planning for directors.

(e) Where the Board proposes a resolution to elect an individual as an independent non-executive directors at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting.

(f) The Board shall have the final decision on all matters in respect of the recommendation of candidates to stand for election or re-election at any general meeting.

Remuneration Committee

The Remuneration Committee currently comprises of four members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, *JP* and Ms. Chau Wai Yung, and one executive Director being Mr. Lo Yuen Cheong.

The Remuneration Committee is responsible for reviewing the remuneration of the Directors and senior management and making recommendation to the Board for approval. The fees of the independent non-executive Directors are recommended by the Remuneration Committee to the Board for approval at the annual general meeting of the Company (with the relevant committee members abstaining from voting on the resolution concerning his/her own remuneration).

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2019 and up to the date of this report.

From 1 April 2018 up to the date of this report, two meetings of the remuneration committee was held to review the remuneration policy and the remuneration packages for the Directors and senior management. The attendance of individual members in the meeting is set out below:

Attendance	**From 1 April 2018 to date of this report**
Chau Wai Yung *(Chairman)*	2/2
Lo Yuen Cheong	2/2
Leung Wai Tat Henry	2/2
Lo Man Chi	2/2

Details of the directors' emoluments for the year ended 31 March 2019 are set out in note 10 to the consolidated financial statements of this annual report. The emoluments of the senior management of the Group by band for the year ended 31 March 2019 is set out below:

Remuneration band	**Number of senior management**
HK$1,000,000 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	2

Audit Committee

The Audit Committee currently comprises of four members, being three independent non-executive Directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, *JP* and Ms. Chau Wai Yung, and one non-executive Director being Ms. Chan Wai Ying.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor and assessing their independence and performance, reviewing of the effectiveness of financial reporting processes, risk management and internal control systems, and the financial information and compliance of the Group. The Audit Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

The Audit Committee reviewed with the management the Group's unaudited interim results for the six months ended 30 September 2018 and the audited annual results for the financial year ended 31 March 2019, and discussed internal controls, risk management and financial reporting matters. The Audit Committee also reviewed this report, and confirmed that this report complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors. The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities for the year ended 31 March 2019 and up to the date of this report.

From 1 April 2018 up to the date of this report, three meetings of Audit Committee were held with attendance of individual members as set out below:

Attendance	**From 1 April 2018 to date of this report**
Leung Wai Tat Henry *(Chairman)*	3/3
Chan Wai Ying	3/3
Chau Wai Yung	3/3
Lo Man Chi	3/3

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and the management has designed, implemented and monitored of the risk management and internal control systems of the Group to provide reasonable assurance for achieving objectives and to review its effectiveness covering all material controls, including financial and operational aspects, and compliance of applicable laws, rules and regulations.

Rather than eliminating the risk of failure, each department within the Group is responsible for identifying, assessing and managing risks, as well as ensuring internal control systems and risk management are effective. The internal audit function is handled by our non-executive Director who is responsible for evaluating the effectiveness of the Group's policies and procedures and submitting the findings, recommendations and follow up actions to the Audit Committee, which provides independent review on effectiveness of the risk management and internal control systems of the Group and gives recommendation to the Board on a semi-annually basis.

The Board oversees the effectiveness of the risk management and internal control systems, and considers the recommendation from the Audit Committee to resolve any internal control weakness, and to approve and take remedial action when necessary.

The review of the effectiveness of the internal control system of the Group including the adequacy of resources, staff qualifications and experience, budget of the Group's accounting and financial reporting function, and their training programmes have been conducted during the year ended 31 March 2019. The Board considered the risk management and internal control systems of the Group to be effective and adequate in all material respects.

Disclosure of inside information

With reference to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission under section 399 of the SFO, the Board has implemented procedures and internal controls for handling and dissemination of inside information. The Group has adopted a policy which aims to set out guidelines to the Group's directors, officers and all relevant employees to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the SFO and the Listing Rules.

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Quality

The Group has instituted an integrated management system, meeting the requirements of ISO9001:2008, the clients and the statutory regulations. The Group has also obtained ISO14001:2015 for the professional standards of quality, safety, environmental and operation management.

The Group has consistently delivered products and services of the highest quality through a process of continuous improvement to earn social recognition and become the preferred partner with each of its valued clients.

Health, safety and environmental

Health and safety of all those who visit and work on the Group's sites, together with the protection of the environment, have been and will remain key priorities of the Group.

In addition to the three Board Committees of the Company, a robust Safety, Health and Environment Committee has been established to ensure that health, safety and environmental matters are appropriately managed by the Group. During the year, the Safety, Health and Environment Committee has continued to drive the continuous improvement of health, safety and environmental practices throughout the Group.

The committee members include an executive Director, an assistant general manager for operation, an assistant general manager for quality and health, safety and environmental management, and the safety manager and they meet formally bimonthly unless they are notified to the contrary.

The role of the Safety, Health and Environment Committee is to:

- Build and sustain an Incident/Injury-free working environment;
- Create a positive health, safety and environmental culture;
- Implement an effective health, safety and environmental Management System and proactively manage health, safety and environmental performance.

The Group has improved its overall safety performance and achieved its ultimate goal of zero fatal accident and extremely low reportable accident case for the year. For the year ahead, the Safety, Health and Environment Committee will continue to promote the benefits of health, safety and environmental and reduce the Group's accident frequency rate.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. In particular, the representation of men and women on the Board has reached 50%:50%. We believe gender diversity enables better problem solving and brings different perspectives and approaches issues differently, leading to improved decision making processes. These differences are taken into account in determining the optimum composition of the Board. The Nomination Committee discusses the measurable objectives for implementing diversity on the Board from time to time and recommends them to the Board for adoption.

The Nomination Committee reports annually on the composition of the Board from diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. It also discusses any revisions that may be required, and recommends any such revisions to the Board for consideration and approval.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, as well as placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training and they have provided a record of training they received for the year ended 31 March 2019 to the Company.

A summary of continuous professional development each Director participated in during the year ended 31 March 2019, according to the records provided, is set out below:

Name of Directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive Directors	
Lo Yuen Cheong	✓
Lo Yick Cheong	✓
Non-executive Director	
Chan Wai Ying	✓
Independent non-executive Directors	
Leung Wai Tat Henry	✓
Lo Man Chi	✓
Chau Wai Yung	✓

All the Directors attended a training session conducted by the Company's legal adviser relating to directors' duties and responsibilities under the Hong Kong Companies Ordinance (Cap. 622), the Listing Rules and other applicable laws and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiry has been made of all the Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 March 2019.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

ACCOUNTABILITY

The Directors are acknowledged of their responsibility for preparing of the financial statements of the Group for the year ended 31 March 2019 under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The Directors ensure that the financial statements for the year ended 31 March 2019 were prepared in accordance with the statutory requirements and the applicable accounting standards, and have been prepared on a going concern basis.

The management has provided sufficient explanation and information of the Group's financial, operational performance as well as business development and also with management accounts and monthly updates to the Board to enable the Board to make an informed assessment of the Group's performance, financial position and Group's prospects to enable the Board and each Director to discharge their duties. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The Group recognises that the independence of an external auditor is a fundamental governance principle. External auditor provides the Board and shareholders an objective assurance on whether the financial statements fairly represent the financial position and performance of the Group in all material aspects.

The working scope and reporting responsibilities of the external auditor, Deloitte Touche Tohmatsu, are set out on pages 31 to 34 in the Independent Auditor's Report.

Company Secretary

All Directors have access to the advice and services of the company secretary of the Company, Mr. Wan Ho Yin, a full time employee of the Company. Please refer to his biographical details as set out on page 9 of this annual report.

During the year ended 31 March 2019, Mr. Wan Ho Yin has taken not less than 15 hours of professional training.

Shareholders' Rights

The Company is committed to pursue active dialogue with shareholders as well as to provide disclosure of information concerning the Group's material developments to shareholders, investors and other stakeholders.

Any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

To safeguard shareholder interests and rights, a separate resolution would be proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

As regards proposing a person for election as a director, the procedures are available on the website of the Company.

Shareholders who have enquiries regarding the above procedures may write to the company secretary of the Company at Unit D, 10/F, Skyline Tower, 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong.

There are no provisions allowing shareholders to make proposals or move resolutions at shareholders' meeting under the articles of association of the Company or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting as set out above.

Auditor's remuneration

For the year ended 31 March 2019, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, amounted to HK$1,410,000 in respect of the annual audit and interim review services of the Company.

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in pages 31 to 34 in the Independent Auditor's Report forming part of this annual report.

Independent auditor

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

Investor relations

There was no significant amendments made to the constitutional documents of the Company during the year.

The Group recognises the importance of timely and non-selective disclosure of information. The Company's corporate website www.manking.com.hk, which features a dedicated Investor Relations section, facilitates effective communication with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and in a timely manner. Latest information of the Company includes announcements, press releases and constitutional documents.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Group by mail or by email at manking@manking.com.hk.

The Group has implemented internal environmental policies by setting up the Safety, Health and Environment Committee aiming to ensure that the environmental matters are appropriately managed by the Group. The Group has obtained ISO 14001:2015, a certified environmental management system aiming to follow and to promote good sustainability practice, to reduce our negative impacts of all our activities by using least resource practicable, developing smarter method of construction, and creating processes to deliver projects more efficiently, and influencing our clients to do the same.

For the purpose of enhancing transparency of our policies and procedures and establishing a channel of communication with our stakeholders, we have identified material environmental, social and governance ("ESG") policies and performance for the period from 1 April 2018 to 31 March 2019 (the "Reporting Period") with reference to Appendix 27 — Environmental, Social and Governance Reporting Guide of the Listing Rules, and discussed each as below:

IDENTIFIED MATERIAL ASSESSMENT FOR ESG ASPECTS

Environmental

Emissions (air, noise, water)
Waste mitigation measures
Use of resources

Social

Employment and labour practices
Training and development
Health and safety
Labour standards
Supply chain management
Anti-corruption
Community investment

ENVIRONMENTAL

(i) Air (Carbon emissions)

The Air Pollution Control Ordinance provides powers to statutory authorities to control air pollutants from a variety of stationary and mobile sources, including fugitive dust emissions from construction sites. The Ordinance also provides license control on certain polluting industrial processes known as "specified processes" such as concrete batching. The aim is to properly control and monitor the air pollution caused by the industries that have significant pollution potential.

Over 50% of the Group's carbon emissions contribute comes from fuel used in cars and goods vehicles owned and operated by the subsidiaries or joint operations of the Group. We reduced these emissions through a combination of investment in new fuel efficient vehicles and driver training. In this regard, we had disposed 4 old diesel vehicles in the last financial year and all the previous Euro II or III commercial vehicles have been replaced by Euro V commercial vehicles, all of which have better air emissions performance. We have also provided to our project clients with cars driven by electricity instead of fuel, so as to help mitigate the carbon emission.

For the Reporting Period, the Group was not aware of any non-compliance on the relevant laws and regulations for the above matters.

(ii) Noise

To help mitigate the negative construction impacts to the public, we carry out all construction activities only during the permitted hours and days. We carry out construction works using powered mechanical equipment with silence devices. In addition, our project sites have set up retrofitting noise barriers and limitation of speed of site vehicles within 20km/h to reduce noise generation.

During the Reporting Period, the Group did not aware of any non-compliance with the relevant laws and regulations on noise emission control, and had not received any direct complaints from the public and fines or warning notices from the Environmental Protection Department.

(iii) Water

To fully comply with The Water Pollution Control Ordinance which governs waste water discharged by our construction site, all our projects apply and maintain valid license before any of these discharges commence.

We have carried out comprehensive water quality mitigation measures to comply with the regulations as well as better management on water resources for each project, mainly focusing on water conversation and discharge quality. Each project monitors its water use and consumption. One of our projects in Shatin has made use of the water flowing through the site for construction use. Such water is suitable for construction purposes and, if not used, will be discharged at the end of Shing Mun River to Tolo Harbour.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and had not received any complaints or fines or warning notices from the public or the relevant environmental agencies on our wastes water disposal activities.

(iv) Waste mitigation measures

Managing waste is a key environmental issue of the Group and we recognise that the construction activities may affect the environment in a number of ways and commit to minimise the potential negative impacts on a site-by-site basis, taking into account the size, constraints and type of the project. The hierarchy adopted is based on reuse, recycling, reduction, recovery and at the last resort, treatment prior to disposal.

Type of Waste	**Works requiring Waste Mitigation Measures**	**Mitigation Measures**
Construction Waste	Construction mainly comprises: 1. Road works 2. Earthworks 3. Drainage and Sewerage works 4. Water works	(a) Application of proper procedures and controlled conditions to minimise concrete wastage. (b) A reconciliation of concrete supplied and volumes placed will be supplied to the engineer and/or foreman to enable him to check that wastage volumes are kept within reasonable limits.
Formwork/ Steel Waste	Construction mainly comprises: 1. Road works 2. Earthworks 3. Drainage and Sewerage works 4. Water works	(a) Reusable metal forms will be used for drainage works so that large wastage of planks and timber can be minimised. (b) Careful design and planning to avoid over ordering of timber for formwork. (c) Maximise the use of standard timber faced panels for repetitive reuse. (d) To minimise steel wastage, steel structure for roofing, walkway, will be prefabricated prior to delivery to site.
Demolition Waste	1. Mainly due to site clearance 2. Existing staircase	(a) As these volumes of waste are unavoidable, site works areas and haul roads will be contained as far as possible to limit site clearance waste. (b) Removal of debris, temporary or permanent structures and other items arising from site clearance.

Type of Waste	Works requiring Waste Mitigation Measures	Mitigation Measures
Chemical Waste	Form oil, retarder, bonding agent, diesel for poker vibrator and generator, etc., used in the construction of 1. Road works 2. Earthworks 3. Drainage and Sewerage works 4. Water works	(a) Adjacent to the sorting facility/site boundary, will be a chemical storage area for keeping chemicals to avoid accidental leakage into the ground and with a chemical waste storage area next to it for placement of chemical waste and its disposal by a chemical waste collector. (b) Chemicals will be placed in the chemical storage area or in a bunded area to avoid accidental spillage. (c) Accidental spillage of chemicals will be properly treated to avoid passing into the drainage system. (d) Will register as a chemical waste producer with Environmental Protection Department of HKSAR.
Sorting of Waste for recycle prior to disposal	Waste generated from the construction includes: 1. Road works 2. Earthworks 3. Drainage and Sewerage works 4. Water works Excavation & backfilling 5. Slope works 6. Removal of debris, temporary or permanent structures and other items arising from site clearance	(a) Sorting area and chemical storage areas to be arranged. (b) Skip is made available for the collection of general waste for disposal. (c) Sorting will take place at the designated area near the entrance and at the boundary of the site to allow for efficient sorting and disposal (if required). (d) Waste water will be recycled for wheel washing and water spray to prevent dust generation. (e) Site hoarding will be bunded to avoid waste water flowing down the slope to the nearby premises. (f) Manhole will also be bunded with sand bags to avoid waste water entering as a result of surface run-off due to rain. (g) Licence to dump at the public fill will be applied for and will dump at the designated area as approved by Civil Engineering and Development Department of HKSAR.

The amount of materials that we purchase and the amount of waste thus generated is a direct cost to our business. Reduction in waste will make our business operate in a more efficient way and thus provide both economic and financial benefits. For example, we managed to divert a number of tuck loads fell trees from disposal to landfill for re-uses as horticultural features from our Tsing Yi project. This gives us great incentive and help to consistently reduce waste to landfill and increase re-use.

(v) Use of resources

The below performance data are for reference only and they may vary significantly subject to the number of projects on hand and the stage of completion of each project:

Electricity	540,452 kWh
Water	12,253 m^3
Petrol	52,241 litres
Diesel	227,125 litres
NO_x emissions	499,319 g
SO_x emissions	4,425 g
PM emissions	41,725 g
Scope 1	717 tCo_2e
Scope 2	292 tCo_2e
Total greenhouse gas emissions (Scope 1 + Scope 2)	1,009 tCo_2e
Non-hazardous waste	7,992 tonnes
Paper consumption	2,299 kg

Our hazardous waste mainly refers to the disposal of spent lube oil and empty plaint can where the quantities are minimal to the Group. We monitor the usage of resources regularly to prevent any abnormal usage. Explanation is required in our management meeting in the event that there is an abnormal usage of resources.

Since late 2017, we have reduced paper usage by implementing new human resource management system to allow employees accessing salary and leave record online to replace the payroll slip. We have also set up temperature monitor sensor at our site office to monitor any excessive electricity usage.

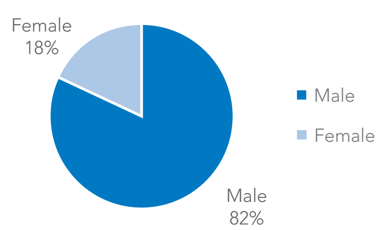
Apart from the above, we encourage our employees to reuse non-confidential waste paper and recycling and seasonal free of air-conditioner within the workplace, and always fully utilise the vehicles by planning the routes on daily basis.

SOCIAL

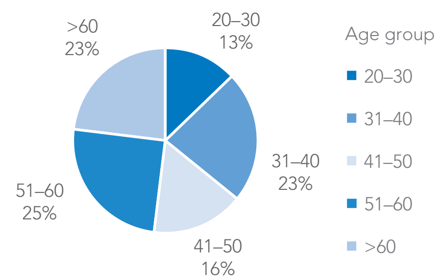
(i) Employment and labour practices

The Group has established and maintained fair and comprehensive employment policies and regulatory standards in compliance with the Employment Ordinance, the Employees' Compensation Ordinance and other applicable regulations, and provide equal opportunity and career development to all of the employees. As at 31 March 2019, the total workforce by gender, age group, employment type and employee by department are demonstrated as follow:

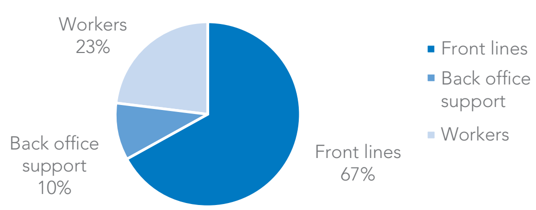
Gender



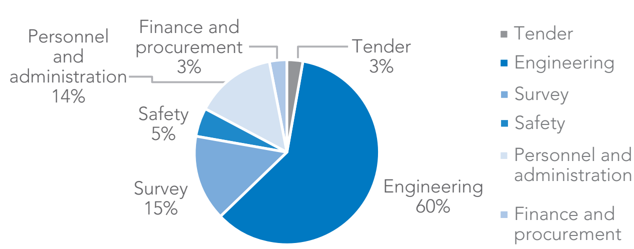
Age group



Employment type



Employee by department



During the Reporting Period, the Group honoured all obligations to our employees including the payment of salaries and wages, holiday and leave, compensation, insurance and health benefits without disputes, violations or litigation related to employment.

There are approximately 460,000 workers in Hong Kong and 40% of them are older than 50. The retirement of old workers will sharpen the problem of labour shortage. We face the same challenge and we continue to recruit young workers with attractive packages to maintain our productivity.

Diversity

We value the diverse background and experience of our people to make most of their talents. Gender emphasis on male is common in construction industry. However, the gender of our Board are well diversified and balanced. We believe it will bring the same benefit to the front line by recruiting more female employees in the future.

Employee Engagement and Retention

Our growth relies on our people. The number of staff depends on the number of projects on hand and our average staff turnover rate for the year is approximately 3.7%. We are proud of having a loyal and stable workforce. We continue to recruit and develop a number of apprentices, Vocational Training Council (VTC) and undergraduate placements. The Group, through its operation companies, has sponsored scholarships to VTC students in the past years. This provided a reliable access for recruitment of fresh talents.

(ii) Training and development

Providing training and development opportunities to our workforce is important in recruitment and retention of our employees. We know that work should be challenging, rewarding and stimulating and should be able to provide new opportunities to employees to overcome obstacles and develop skills. With this in mind, we make sure that all the staffs across every part of the business have regular opportunities to learn and grow.

We have arranged comprehensive training on new NEC form of contract which will be fully implemented for all public works this year. Consistent with last year policy, we have also nominated employees to attend the core programs which were comprehensive and beneficial to personal development. Average training hours for each employee reached 6 hours during the year ended 31 March 2019.

During the year, we have also joined Contractor Cooperative Training Scheme organised by the Construction Industry Council to encourage on-site training for our engaged subcontractors.

Development is important in recruitment and retention of our employees and we target to provide a minimum of 3 training days for each employee. We continue to sponsor our employees to engage in learning courses in technical apprenticeship programme and degree programme, and sponsor personnel self-development through the taking up of external training programs, seminars or diploma courses.

(iii) Health and safety

The health and safety requirements challenge our management to ensure it creates a safe working environment for all our staff. To ensure adequate protection for employees against accidents, instructions in relation to safety policies and procedures have been issued to departments and work sites on safety policies and procedures. Further, the Group has established Safety, Health and Environment Committee to drive the continuous improvement of health, safety and environmental practices throughout the Group. The Group has developed, implemented and maintained a safety management system to:

- Build a positive health and safety culture within the workforce
- Properly implement safety and health control measures
- Minimize accidents/near misses
- Deliver the project on time
- Improve the effectiveness of safety and health systems
- Efficiently use of resources
- Enhance productivity
- Enhance communication between project team and stakeholders.

Through the concerted efforts of all parties concerned, the Group has no fatal accident in the current and past years, and one reportable accident in the current year. Regarding the reportable accident during the year, lost days due to work injury are 435. Comparing to the average accident rate per 1,000 workers of 32.9 and fatality rate of 0.08 in the construction industry in general extracted from the latest Occupational Safety and Health Statistics, the Group's accident and fatality rates are lower than the industry average.

In June 2019, the Group garnered Merit Award of CEDD Construction Site Safety Award 2018 for our Shatin project. The Group led the culture of 'visible leadership' on safety matters, with regular site visits by members of the Board during the year.

(iv) Labour standards

We have complied with all relevant laws and regulations as to protecting labour rights and taken reasonable steps to ensure that no forced labour, child labour and illegal labour are in our business operations, including the subcontractors worked with the Group. The Group has no record of employment conviction in the past 7 years.

During the Reporting Period, the Group did not aware of any labour dispute records or any non-compliance cases on labour employment issues.

(v) Supply chain management

We have engaged over 120 suppliers and 80 subcontractors to carry out works for our projects based in Hong Kong. The Group maintains long term business relationship with them to ensure stable supply of materials or carrying out subcontracting works on time. Our site agents keep reviewing the performance of each supplier or subcontractor on an annual basis, focusing on their abilities to meet quality, cost, safety and schedule requirements, and other criteria such as competency, cooperation, communication and organisation of work. If the evaluation score for a particular supplier/subcontractor is below average, that supplier/subcontractor will be classified as a disqualified supplier/subcontractor and removed from the supplier/subcontractor register. Such performance evaluation will be reviewed by the management, and the supplier/subcontractor of unsatisfactory performance will be discussed in the project review meeting.

(vi) Anti-corruption

We always demonstrate strong commitment to anti-corruption business practices and have zero tolerance to corruption. We have implemented whistle-blowing policy statement and code of conduct on notice board to listen to the concerns of employee, and to make sure they know about the policy and how to make a disclosure. There is no legal case relating to bribery, extortion, fraud or money laundering brought against the Group or its employees during the year. We continue to carry out regular review and update policy statement if necessary so as to ensure their effectiveness to strengthen the internal controls and compliance regime of the Group.

(vii) Community investment

We believe corporate social responsibility as a viable and necessary part of doing business. Our aim, as a responsible construction group, is to reduce this negative impact by approaching our business objectives responsibly and by responding to the different concerns and demands of those affected by our activities, while remaining profitable and competitive.

Our Group's subsidiaries have been qualified as Caring Company launched by the Hong Kong Council of Social Service which is specifically geared to building strategic partnerships among businesses and non-profit organisations to create a more cohesive society.

We see the long-term and sustainable development in Hong Kong is crucial to our business, and that we continue to enhance our integrated strength as well as operating and management expertise to develop a new model for multifaceted investments and business development. We shall strive to create a solid and proactive proprietary framework for securing our position in the ever-changing market environment and be a valuable member of the community.

Deloitte. 德勤

TO THE SHAREHOLDERS OF
MAN KING HOLDINGS LIMITED
萬景控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Man King Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 35 to 91, 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.

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 *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from civil engineering works	
We identified the recognition of revenue from civil engineering works as a key audit matter as it is quantitively significant to the consolidated financial statements as a whole. As disclosed in note 5 to the consolidated financial statements, the Group recognised revenue from civil engineering works amounting to HK$184,074,000 for the year ended 31 March 2019. Revenue from civil engineering works is recognised over time during the course of construction by reference to the progress towards complete satisfaction of relevant performance obligation, measured based on output method with reference to certificates issued by independent surveyor or correspondence with customers.	In relation to the recognition of revenue from civil engineering works, we performed the following procedures, on a sample basis: • Obtaining an understanding of the control over recognition of revenue from civil engineering works; • Agreeing the contract sum and variation orders which impact the allocation of transaction price to respective signed contracts, and the correspondence with customers; • Discussing with the project managers to understand the status of completion of the relevant construction projects and the reasons for the change of budget contract value during the year; • Challenging the management's assessment on the Group's ability to deliver contracts within budgeted timescales by inspecting the certificates issued by independent surveyor or correspondence with customers and comparing the progress with the budgeted timeline; and • Evaluating the reasonableness of progress towards complete satisfaction of relevant performance obligation of civil engineering works as at year end by obtaining the certificates issued by independent surveyor or correspondence with customers and performing site visits to the construction sites.

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.

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.

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

- 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 Fung Hin Chiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTE	**2019** **HK$'000**	2018 HK$'000
Revenue	5	**184,635**	232,157
Cost of services		**(162,183)**	(197,632)
Gross profit		**22,452**	34,525
Other income	6	**2,384**	1,460
Other gains and losses	7	**163**	2,236
Administrative expenses		**(27,416)**	(29,084)
Finance costs	8	**(81)**	(27)
Share of loss of an associate		**(207)**	–
(Loss) profit before tax		**(2,705)**	9,110
Income tax credit (expense)	9	**71**	(2,103)
(Loss) profit and total comprehensive (expense) income for the year	11	**(2,634)**	7,007
(Loss) earnings per share			
— Basic		**(0.63)**	1.67
— Diluted		**N/A**	1.67

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTE	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	14	**16,159**	18,479
Interest in an associate	15	**74,469**	–
Held-to-maturity investment	16	**–**	3,500
		90,628	21,979
Current assets			
Inventories		**8,063**	–
Contract assets	17	**49,781**	–
Amounts due from customers for contract works	18	**–**	86,736
Debtors, deposits and prepayments	19	**35,022**	57,951
Amounts due from joint operations	20	**21,844**	19,974
Tax recoverable		**310**	1,881
Financial assets at fair value through profit or loss ("FVTPL")	21	**4,486**	7,829
Debt investment	16	**3,500**	–
Pledged bank deposits	22	**5,206**	5,206
Bank balances and cash	22	**96,909**	153,624
		225,121	333,201
Current liabilities			
Contract liabilities	23	**2,889**	–
Amounts due to customers for contract works	18	**–**	22,449
Creditors and accrued charges	24	**61,656**	32,606
Amounts due to other partners of joint operations	20	**13,364**	14,082
Tax liabilities		**19**	803
Bank borrowing	25	**1,873**	3,026
		79,801	72,966
Net current assets		**145,320**	260,235
Total assets less current liabilities		**235,948**	282,214
Non-current liability			
Deferred tax liabilities	26	**401**	1,292
Net assets		**235,547**	280,922
Capital and reserves			
Share capital	27	**4,198**	4,198
Share premium and reserves		**231,349**	276,724
Total equity		**235,547**	280,922

The consolidated financial statements on pages 35 to 91 were approved and authorised for issue by the Board of Directors on 18 June 2019 and are signed on its behalf by:

LO Yuen Cheong
DIRECTOR

LO Yick Cheong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000	Other reserve HK$'000 (Note)	Retained earnings HK$'000	Total HK$'000
At 1 April 2017	4,205	87,053	3,316	1,193	33,600	143,974	273,341
Profit and total comprehensive income for the year	–	–	–	–	–	7,007	7,007
Share repurchased and cancelled (note 27)	(7)	(579)	–	–	–	–	(586)
Transfer to retained earnings upon expiry of share options	–	–	(4,476)	–	–	4,476	–
Share-based compensation (note 28)	–	–	1,160	–	–	–	1,160
At 31 March 2018	4,198	86,474	–	1,193	33,600	155,457	280,922
Adjustments (note 2.1.1)	–	–	–	–	–	(28,047)	(28,047)
At 1 April 2018 (restated)	4,198	86,474	–	1,193	33,600	127,410	252,875
Loss and total comprehensive expense for the year	–	–	–	–	–	(2,634)	(2,634)
Dividend (note 12)	–	(14,694)	–	–	–	–	(14,694)
At 31 March 2019	4,198	71,780	–	1,193	33,600	124,776	235,547

Note: As part of the group reorganisation, there are series of restructuring within Man King Holdings Limited (the "Company") and its subsidiaries mainly involved interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company's share capital and the combined share capital of Concentric Construction Limited ("Concentric") and Peako Engineering Co. Limited ("Peako"), the indirect wholly-owned subsidiaries of the Company, was credited to other reserve on 31 December 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	(2,705)	9,110
Adjustments for:		
Unrealised loss (gain) on change in fair value of financial assets at FVTPL	652	(878)
Change in fair value of investment property	–	(40)
Depreciation of property, plant and equipment	4,834	3,373
Finance costs	81	27
Loss on written off of property, plant and equipment	3	7
Net gain on disposal of property, plant and equipment	–	(231)
Share of loss of an associate	207	–
Share-based compensation	–	1,160
Unrealised exchange losses (gains), net	237	(1,225)
Interest income	(1,466)	(700)
Operating cash flows before movements in working capital	1,843	10,603
Decrease (increase) in financial assets at FVTPL	2,691	(1,166)
Increase in inventories	(488)	–
Decrease in contract assets	9,001	–
Increase in amounts due from customers for contract works	–	(22,583)
Decrease (increase) in debtors, deposits and prepayments	12,243	(8,132)
Decrease in amounts due from joint operations	2,676	3,170
Decrease in contract liabilities	(16,271)	–
Increase in amounts due to customers for contract works	–	10,968
Increase (decrease) in creditors and accrued charges	30	(2,399)
Increase in amounts due to other partners of joint operations	1,878	3,090
Cash generated from (used in) operations	13,603	(6,449)
Income tax paid	(1,970)	(14)
Income tax refunded	1,666	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES	13,299	(6,463)
INVESTING ACTIVITIES		
Interest received	1,466	665
Purchase of property, plant and equipment	(2,517)	(10,682)
Proceeds from disposal of property, plant and equipment	–	277
Purchase of held-to-maturity investment	–	(3,500)
Advances to joint operations	(8,698)	(15,869)
Repayments from joint operations	4,152	1,168
Placement of pledged bank deposits	–	(5,206)
Withdrawal of pledged bank deposits	–	4,644
Acquisition of interest in an associate	(45,656)	–
NET CASH USED IN INVESTING ACTIVITIES	(51,253)	(28,503)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
Interest paid	(81)	(27)
Raise of new bank borrowing	3,400	3,500
Repayment of bank borrowing	(4,553)	(474)
Dividend paid	(14,694)	–
Repayment to other partners of joint operations	(2,596)	(530)
Advance from other partners of joint operations	–	3,856
Payment on repurchases of shares	–	(586)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(18,524)	5,739
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,478)	(29,227)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	153,624	181,926
Effect of foreign exchange rate changes	(237)	925
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	96,909	153,624

1. GENERAL

Man King Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is LOs Brothers (PTC) Limited and its immediate holding company is Jade Vantage Holdings Limited. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report. The Company acts as an investment holding company. The principal activities of the subsidiaries (together with the Company referred to as the "Group") are provision of construction and civil engineering. Details of the Group's subsidiaries are set out in note 37.

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

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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 amendments to HKFRSs and an interpretation in the current year has had no material impact 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.

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

- Civil engineering works;
- Service income from trading of construction materials; and
- Consultancy fee income.

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 table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

	HK$'000
Retained earnings	
Adjustments of amounts due from/to customers for contract works	27,776
Tax effect	271
Impact at 1 April 2018	28,047

2. APPLICATION OF NEW AND REVISED 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)*

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.

	Note	Carrying amounts previously reported at 31 March 2018	Reclassifications	Adjustments	Carrying amounts under HKFRS 15 at 1 April 2018
		HK$'000	HK$'000	HK$'000	HK$'000
Current assets					
Inventories	(a)	–	7,575	–	7,575
Contract assets	(b)(c)	–	58,782	–	58,782
Amounts due from customers for contract works	(a)(b)	86,736	(55,581)	(31,155)	–
Debtors, deposits and prepayments	(c)	57,951	(10,686)	–	47,265
Current liabilities					
Contract liabilities	(d)	–	19,160	–	19,160
Amounts due to customers for contract works	(a)(d)	22,449	(19,070)	(3,379)	–
Tax liabilities	(a)	803	–	486	1,289
Non-current liability					
Deferred tax liabilities	(a)	1,292	–	(215)	1,077
Capital and reserves					
Share premium and reserves	(a)	276,724	–	(28,047)	248,677

Note:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Deferred materials in aggregate of HK$7,575,000 were reclassified from amounts due from customers for contract works of HK$7,485,000 and from amounts due to customers for contract works of HK$90,000 to inventories. Under HKAS 11, construction costs were charged to profit or loss by reference to the stage of completion of the contract, which is measured by reference to the estimated total revenue for contracts entered into by the Group that have been performed to date. Under HKFRS 15, costs that related to satisfy performance obligations are expensed as incurred. Construction costs of HK$27,776,000 that have been incurred but deferred to be recognised in profit or loss under HKAS 11 included in amounts due from/to customers for contract works were charged to retained earnings. The related net tax effect of HK$271,000 was recognised in tax liabilities and deferred tax liabilities and included in adjustment to retained earnings.

(b) At the date of initial application, unbilled revenue of HK$48,096,000 arising from the construction contracts are conditional on the satisfaction by the customers on the construction works completed by the Group and the works are pending for the certification by the customers, and such balance was reclassified from amounts due from customers for contract works to contract assets.

(c) At the date of initial application, retention receivables of HK$10,686,000 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 debtors, deposits and prepayments to contract assets.

(d) The reclassification of HK$19,160,000 from amounts due to customers for contract works to contract liabilities under HKFRS 15 represented the Group's obligation to transfer services to the customers for which the Group has received consideration from the customers.

2. APPLICATION OF NEW AND REVISED 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)*

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019, its consolidated statement of profit or loss and other comprehensive income 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

	Note	As reported HK$'000	Reclassifications HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current assets					
Inventories	(a)	8,063	(8,063)	–	–
Contract assets	(b)(c)	49,781	(49,781)	–	–
Amounts due from customers for contract works	(a)(b)	–	48,293	38,280	86,573
Debtors, deposits and prepayments	(c)	35,022	9,641	–	44,663
Tax recoverable	(a)	310	–	493	803
Current liabilities					
Contract liabilities	(d)	2,889	(2,889)	–	–
Amounts due to customers for contract works	(a)(d)	–	2,979	18,409	21,388
Tax liabilities	(a)	19	–	(19)	–
Non-current liability					
Deferred tax liabilities	(a)	401	–	(401)	–
Capital and reserves					
Share premium and reserves	(a)	231,349	–	20,784	252,133

Impact on the consolidated statement of profit or loss and other comprehensive income

	Note	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Cost of services	(a)	(162,183)	(7,905)	(170,088)
Gross profit	(a)	22,452	(7,905)	14,547
Loss before tax	(a)	(2,705)	(7,905)	(10,610)
Income tax credit	(a)	71	642	713
Loss and total comprehensive expense for the year		(2,634)	(7,263)	(9,897)

2. APPLICATION OF NEW AND REVISED 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)*

Note:

(a) Prior to application of HKFRS 15, deferred materials in aggregate of HK$8,063,000 at 31 March 2019 should be included in amounts due from customers for contract works of HK$8,153,000 and amounts due to customers of contract works of HK$90,000. Prior to application of HKFRS 15, the difference between the actual construction costs incurred and the amount calculated based on the stage of completion of the contract activity, which is by reference to the estimated total revenue for contracts entered into by the Group that have been performed to date, should be included in amounts due from/to customers for contract works. The accumulated construction costs of HK$19,871,000 to be deferred under HKAS 11 was included in retained earnings and would be recognised as amounts due from/to customers for contract works prior to application of HKFRS 15. Under HKAS 11, HK$7,905,000 would be credited to cost of services for the current year. The accumulated tax effect at 31 March 2019 was HK$913,000 in which HK$271,000 was debited to retained earnings and HK$642,000 was debited to income tax credit for the current year upon application of HKFRS 15.

(b) Prior to application of HKFRS 15, unbilled revenue of HK$40,140,000 at 31 March 2019 should be included in amounts due from customers for contract works. Such amount was reclassified to contract assets upon application of HKFRS 15.

(c) Prior to application of HKFRS 15, retention receivables of HK$9,641,000 at 31 March 2019 should be included in debtors, deposits and prepayments. Such amount was reclassified to contract assets upon application of HKFRS 15.

(d) Prior to application of HKFRS 15, the Group's obligation to transfer of control of goods and construction services to the customers for which the Group has received consideration from the customers amounting to HK$2,889,000 at 31 March 2019 should be recognised as amounts due to customers for contract works. Such amount was reclassified to contract liabilities upon application of HKFRS 15.

Impact on the consolidated statement of cash flows

	As reported	**Adjustments**	**Amounts without application of HKFRS 15**
	HK$'000	HK$'000	HK$'000
OPERATING ACTIVITIES			
Loss before tax	(2,705)	(7,905)	(10,610)
Operating cash flows before movements in working capital	1,843	(7,905)	(6,062)
Increase in inventories	(488)	488	–
Decrease in contract assets	9,001	(9,001)	–
Decrease in contract liabilities	(16,271)	16,271	–
Decrease in debtors, deposits and prepayments	12,243	1,045	13,288
Decrease in amounts due from customers for contract works	–	163	163
Decrease in amounts due to customers for contract works	–	(1,061)	(1,061)

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

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

2.2 HKFRS 9 *Financial Instruments*

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 (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and contracts assets and (3) general hedge accounting.

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

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

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

Summary of effects arising from initial application of HKFRS 9

	Note	**Held-to-maturity investment** HK$'000	**Debt instrument at amortised cost** HK$'000
Closing balance at 31 March 2018 — HKAS 39		3,500	–
Effect arising from initial application of HKFRS 9:			
Reclassification of held-for-maturity investment	(a)	(3,500)	3,500
Opening balance at 1 April 2018		–	3,500

(a) *Held-to-maturity investment*

Debt instrument that is issued by a listed company previously classified as held-to-maturity investment is reclassified and measured at amortised cost upon application of HKFRS 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

(b) *Financial assets at FVTPL*

The Group has reassessed its investments in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$7,829,000 of the Group's investments were held for trading and continued to be measured at FVTPL.

(c) *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, trade-nature amounts due from joint operations and contract assets. The ECL for all debtors on these financial assets and contract assets are assessed individually. The contract assets relate to unbilled work in progress 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.

ECL for other financial assets at amortised cost, including debt investment, other debtors and deposits, non-trade nature amounts due from joint operations, pledged bank deposits and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The adoption has not resulted in any additional impairment for financial assets as at 1 April 2018 as the amount involved is insignificant.

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

2.3 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.

Impact on the consolidated statement of financial position

	31 March 2018 (Audited) HK$'000	HKFRS 15 HK$'000	HKFRS 9 HK$'000	1 April 2018 (Restated) HK$'000
Non-current assets				
Held-to-maturity investment	3,500	–	(3,500)	–
Debt investment	–	–	3,500	3,500
Current assets				
Inventories	–	7,575	–	7,575
Contract assets	–	58,782	–	58,782
Amounts due from customers for contract works	86,736	(86,736)	–	–
Debtors, deposits and prepayments	57,951	(10,686)	–	47,265
Current liabilities				
Contract liabilities	–	19,160	–	19,160
Amounts due to customers for contract works	22,449	(22,449)	–	–
Tax liabilities	803	486	–	1,289
Non-current liability				
Deferred tax liabilities	1,292	(215)	–	1,077
Capital and reserves				
Share premium and reserves	276,724	(28,047)	–	248,677

2. APPLICATION OF NEW AND REVISED 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 not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
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 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combination and asset acquisitions for which acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after a date to be determined

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

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

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 for 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.

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. For the classification of cash flows, operating lease payments are currently presented as operating cash flows. 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.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$2,313,000 as disclosed in note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise 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$324,000 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 intends to elect 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 will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for 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 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 a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements 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*.

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

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

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

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

Interests in joint operations

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

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2.1)

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2.1) *(Continued)*

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

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.

Revenue from civil engineering works

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

Revenue from civil engineering works is recognised over time during the course of construction by reference to the progress towards complete satisfaction of relevant performance obligation at the end of the reporting period. The progress towards complete satisfaction of a performance obligation is measured based on output method with reference to certificates issued by independent surveyor or correspondence with customers, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For revenue from civil engineering works that contain variable consideration such as variations in contract work, claims and incentive payment, 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 transactions price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

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

Revenue from service income from trading of construction materials

Service income from trading of construction materials is recognised at a point in time when the goods have been delivered to the customer's specific location.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group acts as an agent in generating the service income from trading of construction materials.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (prior to 1 April 2018)

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probably that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as describe below.

Consultancy fee income is recognised when services are provided.

The Group's accounting policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Dividend income from investments is recognised when the rights to receive payment have been established.

Interest income is accrued on a time apportionment 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.

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 based on the construction works performed, which are certified by an independent professional architect, relative to the estimated total contract sum, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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 works. 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 works. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under debtors, deposits and prepayments.

Leasing

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Borrowing costs

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

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

Retirement benefits costs

Payments to the Mandatory Provident Fund ("MPF") Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to directors of the Company and employees of the Group are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date without taking into consideration all non-market vesting conditions conditions of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 as directly in equity, respectively.

Property, plant and equipment

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

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant property revaluation reserve will be transferred directly to retained earnings.

If there is a transfer from investment property carried at fair value to owner-occupied property evidenced by the commencement of owner occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables and trade-nature amounts due from joint operations arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset of 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 2.2)

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.

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

- the financial asset is held within a business model whose objective is achieved by both 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 other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

A financial asset is classified as held for trading if:

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

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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2.2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other debtors and deposits, contract assets, amounts due from joint operations, debt investment, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables, trade-nature amounts due from joint operations and contract assets. The ECL for all debtors on these financial assets and contract assets are assessed individually.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2.2) (Continued)

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument had not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligation in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2.2) (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

The Group's financial assets are classified into financial assets at FVTPL, held-to-maturity investment and loans and receivables.

Financial assets at FVTPL

Financial assets classified as at FVTPL represent the financial assets that are held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excluded any dividend or interest earned on the financial assets and is included in other gains and losses in the consolidated statement of profit or loss and other comprehensive income.

Held-to-maturity investment

Held-to-maturity investment is a non-derivative financial asset with fixed or determinable payments and fixed maturity date that is quoted in an active market and that the Group has the positive intention and ability to hold to maturity.

The Group designated debt instrument that is issued by a company listed on the Stock Exchange as held-to-maturity investment as it has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest method, less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors and deposits, amounts due from joint operations, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (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, other than those at FVTPL, are assessed for indicators of impairment at the end of each 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 asset, 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 a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of 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 and trade-nature amounts due from joint operations, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or trade-nature amount due from joint operations is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the 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.

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

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to other partners of joint operations and bank borrowing) 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.

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

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 with finite useful lives 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of tangible assets are estimated individually. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (which is dealt with separately below), that management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Joint arrangements

The directors of the Company performed an assessment of whether the Group has joint control over the Group's joint arrangements. Pursuant to the respective contractual agreements regarding each of these joint arrangements, all major decisions and the decisions regarding the relevant activities of these joint arrangements require the unanimous consent of all parties to the arrangement. Accordingly, the directors of the Company concluded that the Group has joint control over the joint arrangements.

The directors of the Company also assessed whether these joint arrangements are joint operations or joint ventures under *HKFRS 11 Joint Arrangements*. After considering the rights and obligations of parties to the joint arrangements with reference to the structure, the legal form of the arrangements, the contractual terms agreed by the parties in the arrangements, and the relevant facts and circumstances, the directors of the Company concluded that all of the Group's joint arrangements should be classified as joint operations under HKFRS 11 as the relevant joint arrangement document specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

Key sources of estimation uncertainties

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

Estimated impairment of trade and retention receivables, trade-nature amounts due from joint operations and contract assets

Before the application of HKFRS 9, the directors of the Company estimates the recoverability of trade and retention receivables and trade-nature amounts due from joint operations based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Upon application of HKFRS 9, the Group assesses ECL individually for all trade receivables, trade-nature amounts due from joint operations and contract assets. The loss rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, trade-nature amounts due from joint operations and contract assets are disclosed in notes 32, 19, 20 and 17 respectively.

5. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on (1) civil engineering works, (2) service income from trading of construction materials, and (3) consultancy fee income.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. During the current year, the Group commenced the business in acting as agent for trading of construction materials, and it is considered as a new operating and reportable segment. For civil engineering works, each individual project constitutes an operating segment, and for operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and their segment information is aggregated as "civil engineering works" reportable segment. Other operating segment represents consultancy services and it does not meet the quantitative thresholds for the reportable segments in both current and prior years. Accordingly, it is grouped in "others". No analysis of the Group's assets and liabilities is disclosed as such information is not regularly provided to the directors of the Company for review.

Segment revenue and results

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

For the year ended 31 March 2019

	Civil engineering works HK$'000	**Trading of construction materials HK$'000**	**Others HK$'000**	**Total HK$'000**
Segment revenue				
External sales	**184,074**	**561**	**–**	**184,635**
Segment profit	**21,891**	**561**	**–**	**22,452**
Unallocated income, other gains and losses				**2,547**
Unallocated administrative expenses				**(27,416)**
Unallocated finance costs				**(81)**
Unallocated share of loss of an associate				**(207)**
Loss before tax				**(2,705)**

For the year ended 31 March 2018

	Civil engineering works HK$'000	Others HK$'000	Total HK$'000
Segment revenue			
External sales	232,146	11	232,157
Segment profit	34,514	11	34,525
Unallocated income, other gains and losses			3,696
Unallocated administrative expenses			(29,084)
Unallocated finance costs			(27)
Profit before tax			9,110

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Civil engineering works	**184,074**	232,146
Service income from trading of construction materials	**561**	–
Consultancy fee income	**–**	11
	184,635	232,157
Geographical markets		
Hong Kong	**184,074**	232,157
Mainland China	**561**	–
	184,635	232,157
Time of revenue recognition		
Over time	**184,074**	
A point in time	**561**	
	184,635	

Civil engineering works

The Group provides services on civil engineering works. 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 by reference to the progress towards complete satisfaction of relevant performance obligation using output method.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits. When the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

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. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two 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.

Service income from trading of construction materials

Service income from trading of construction materials is recognised at a point in time when the goods have been delivered to the customer's specific location. Taking into consideration of the relevant contract terms, the Group concludes that the Group are entitled to the payment only when the customers have received the goods. The normal credit term is 30 days in accordance with the invoice date.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Consultancy fee income

Consultancy fee income is recognised at a point in time when services are provided to the customers. Taking into consideration of the relevant contract terms, the Group concludes that the Group does not have an enforceable right to payment prior to the services delivered to customers. The normal credit term is 30 days in accordance with the invoice date.

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) for civil engineering works as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	Civil engineering works HK$'000
Within one year	181,836
More than one year but not more than two years	215,051
More than two years	233,957
	630,844

Geographical information

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

Information about major customers

Revenue from customers in respect of civil engineering works contributing over 10% of the total revenue of the Group is as follows:

	2019 **HK$'000**	2018 HK$'000
Customer 1	**81,620**	133,257
Customer 2	**33,751**	33,580
Customer 3	**30,364**	33,269
Customer 4	**19,947**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the Group's revenue during both years.

6. OTHER INCOME

	2019 **HK$'000**	2018 HK$'000
Bank interest income	**1,256**	613
Interest income from debt investment	**210**	87
Gross rental income from investment property	**–**	33
Dividend income from financial assets at FVTPL	**442**	438
Others	**476**	289
	2,384	1,460

7. OTHER GAINS AND LOSSES

	2019 **HK$'000**	2018 HK$'000
Net gain on disposal of property, plant and equipment	**–**	231
Change in fair value of financial assets at FVTPL, net	**400**	878
Change in fair value of investment property	**–**	40
Net exchange (losses) gains	**(237)**	1,087
	163	2,236

8. FINANCE COSTS

The finance costs represent interest on bank borrowing.

9. INCOME TAX (CREDIT) EXPENSE

	2019 **HK$'000**	2018 HK$'000
Hong Kong Profits Tax		
Current year	**438**	894
Underprovision in prior years	**167**	419
	605	1,313
Deferred taxation (note 26)	**(676)**	790
	(71)	2,103

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

9. INCOME TAX (CREDIT) EXPENSE *(Continued)*

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 a qualifying group entity.

For the year ended 31 March 2019, no provision for taxation in Hong Kong was made for a joint operation and a subsidiary of the Group as the assessable profits were relieved by the tax losses amounted to HK$5,343,000.

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

	2019	2018
	HK$'000	HK$'000
(Loss) profit before tax	**(2,705)**	9,110
Tax at Hong Kong Profits Tax Rate of 16.5%	**(446)**	1,503
Tax effect of expenses not deductible for tax purpose	**187**	338
Tax effect of income not taxable for tax purpose	**(315)**	(573)
Tax effect of two-tiered profits tax rates regime	**(165)**	–
Tax effect of tax losses not recognised	**1,412**	759
Utilisation of tax losses previously not recognised	**(882)**	–
Underprovision in prior years	**167**	419
Others	**(29)**	(343)
Income tax (credit) expense for the year	**(71)**	2,103

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

Directors and chief executive

The emoluments of the directors of Company are as follows:

	2019	2018
	HK$'000	HK$'000
Fees	**528**	522
Salaries and other allowances	**7,491**	7,547
Share-based compensation	**–**	486
Discretionary bonus (note)	**341**	682
Retirement benefit scheme contributions	**39**	54
	8,399	9,291

Note: The discretionary bonus is determined with consideration of the progress and performance of construction contract works for both years.

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

Directors and chief executive *(Continued)*

Directors' and chief executive's remunerations for the year, disclosed pursuant to applicable Listing Rules and Hong Kong Companies Ordinance, are as follow:

	2019				2018				
	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Fees HK$'000	Salaries and other allowances HK$'000	Share-based compensation HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000
Executive directors:									
Lo Yuen Cheong	–	4,070	73	3	–	4,106	200	350	18
Lo Yick Cheong	–	2,898	208	18	–	2,943	200	260	18
	–	6,968	281	21	–	7,049	400	610	36
Non-executive director:									
Chan Wai Ying	–	523	60	18	–	498	86	72	18
Independent non-executive directors:									
Leung Wai Tat Henry	176	–	–	–	174	–	–	–	–
Lo Man Chi	176	–	–	–	174	–	–	–	–
Chau Wai Yung	176	–	–	–	174	–	–	–	–
	528	–	–	–	522	–	–	–	–
	528	7,491	341	39	522	7,547	486	682	54

Mr. Lo Yuen Cheong is also the chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the chief executive. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

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

Employees

Of the five individuals with the highest emoluments in the Group, two (2018: two) are directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2018: three) individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	3,529	3,390
Share-based compensation	–	239
Discretionary bonus	1,029	706
Retirement benefit scheme contributions	36	36
	4,594	4,371

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

Employees *(Continued)*

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

	2019 No. of employees	2018 No. of employees
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**2**	2
	3	3

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensating for loss of office during both years.

11. (LOSS) PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' emoluments (note 10)	**8,399**	9,291
Other staff salaries and other allowances	**54,418**	49,761
Other staff share-based compensation	**–**	674
Other staff retirement benefit scheme contributions	**1,618**	1,528
Total staff costs	**64,435**	61,254
Auditor's remuneration	**1,070**	1,000
Depreciation of property, plant and equipment	**4,834**	3,373
Loss on written off of property, plant and equipment	**3**	7
Operating lease rentals in respect of land and buildings	**1,813**	1,218
Gross rental income from investment property	**–**	(33)
Less: direct expenses incurred	**–**	6
	–	(27)

12. DIVIDEND

During the current year, a final dividend of HK3.5 cents per share in respect of the year ended 31 March 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to HK$14,694,000 based on 419,818,000 shares (2018: nil).

No final dividend was paid, declared or proposed by the Company in respect of the year ended 31 March 2019.

13. (LOSS) EARNINGS PER SHARE

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

	2019 **HK$'000**	2018 HK$'000
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(2,634)**	7,007
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**419,818**	420,131

For the year ended 31 March 2019, no diluted loss per share was presented as there were no potential ordinary shares in issue.

For the year ended 31 March 2018, the diluted earnings per share did not assume the effect from the Company's outstanding share options (note 28) as the exercise price of those options was higher than the average market price for shares during the year.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
COST						
As at 1 April 2017	–	1,398	2,037	6,023	5,097	14,555
Transferred from investment property (note)	2,350	–	–	–	–	2,350
Additions	–	75	3,033	3,413	4,161	10,682
Disposals	–	–	–	(207)	–	(207)
Written off	–	(14)	(1,137)	–	(324)	(1,475)
As at 31 March 2018	2,350	1,459	3,933	9,229	8,934	25,905
Additions	–	–	26	970	1,521	2,517
Written off	–	–	–	–	(4)	(4)
As at 31 March 2019	2,350	1,459	3,959	10,199	10,451	28,418
DEPRECIATION						
As at 1 April 2017	–	327	1,271	2,991	1,093	5,682
Provided for the year	20	280	484	1,035	1,554	3,373
Eliminated upon disposals	–	–	–	(161)	–	(161)
Written off	–	(14)	(1,137)	–	(317)	(1,468)
As at 31 March 2018	20	593	618	3,865	2,330	7,426
Provided for the year	79	292	791	1,486	2,186	4,834
Written off	–	–	–	–	(1)	(1)
As at 31 March 2019	99	885	1,409	5,351	4,515	12,259
CARRYING VALUE						
As at 31 March 2019	2,251	574	2,550	4,848	5,936	16,159
As at 31 March 2018	2,330	866	3,315	5,364	6,604	18,479

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold land and building	40 years or over the lease term, whichever is shorter
Leasehold improvements	5 years or over the lease term, whichever is shorter
Plant and machinery	5 years
Motor vehicles	5 years
Office equipment	3 to 5 years

Note: On 1 January 2018, with the expiry of the tenancy agreement with a third party and the commencement of owner-occupation, the Group transferred the investment property to owner-occupied property. The carrying amount and fair value of the property was HK$2,350,000 on the date of transfer. The fair value of this owner-occupied property at the date of transfer (i.e. 1 January 2018) has been arrived at on the basis of a valuation by reference to market evidence of transaction prices for similar properties in the same location and conditions.

15. INTEREST IN AN ASSOCIATE

	2019 HK$'000
Cost of investment in an associate	74,676
Share of post-acquisition loss and other comprehensive expense	(207)
	74,469

On 18 January 2019, Rich Partner Global Limited ("Rich Partner"), a direct wholly-owned subsidiary of the Company, entered into the subscription agreement pursuant to which Rich Partner agreed to subscribe for 20.3% of the enlarged issued share capital of River King Management Holdings Limited ("River King") for the purpose of the investment in bareboat charter hire and coal transhipment services project in Pakistan for a term of 15 years commencing from the second half of 2019.

Pursuant to the terms of the subscription agreement, the subscription price of the subscription shares of Rich Partner is US$9,552,000. As at 31 March 2019, an amount of US$5,853,000 (or HK$45,656,000) was paid to the River King. The remaining balance of US$3,699,000 (or HK$29,020,000) which included in "creditors and accrued charges" was subsequently fully settled on 31 May 2019.

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group 2019	Proportion of voting rights held by the Group 2019	Principal activities
River King and its subsidiaries	Hong Kong	Hong Kong and Pakistan	20.3%	20.3%	Investment holding and provision of bareboat charter hire services and coal transhipment services

Summarised financial information of the associate

Summarised financial information in respect of River King is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs.

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

	2019 HK$'000
Current assets	26,043
Non-current assets	323,552
Current liabilities	(4,088)
Non-current liability	–
Revenue	–
Loss for the year	(1,018)

15. INTEREST IN AN ASSOCIATE *(Continued)*

Summarised financial information of the associate *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019 HK$'000
Net assets of River King	**345,507**
Proportion of the Group's ownership interest in River King	**20.3%**
	70,138
Goodwill	**4,331**
Carrying amount of Group's interest in River King	**74,469**

16. DEBT INVESTMENT/HELD-TO-MATURITY INVESTMENT

	2019 HK$'000	2018 HK$'000
Debt instrument, at amortised cost	**3,500**	–
Held-to-maturity investment	**–**	3,500
Analysis for reporting purposes as:		
Current asset	**3,500**	–
Non-current asset	**–**	3,500
	3,500	3,500

The Group's debt investment/held-to-maturity investment represents a debt instrument that is issued by a company listed on the Stock Exchange, and carries fixed interest at 6% per annum, payable quarterly, and will mature in October 2019.

17. CONTRACT ASSETS

	As at 31 March 2019 HK$'000	As at 1 April 2018* HK$'000
Analysed as current:		
Unbilled revenue of civil engineering works (note a)	**40,140**	48,096
Retention receivables of civil engineering works (note b)	**9,641**	10,686
	49,781	58,782
Retention receivables of civil engineering works		
Due within one year	**5,351**	5,707
Due after one year	**4,290**	4,979
	9,641	10,686

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

17. CONTRACT ASSETS *(Continued)*

Note:

(a) 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.

(b) Retention receivables included in contract assets represents 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 Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment for the year ended 31 March 2019 are set out in note 32.

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	2018 HK$'000
Contracts in progress at the end of the reporting periods:	
Contract costs incurred plus recognised profits less recognised losses	1,006,403
Less: progress billings	(942,116)
	64,287
Analysed for reporting purposes as:	
Amounts due from customers for contract works	86,736
Amounts due to customers for contract works	(22,449)
	64,287

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade receivables	**11,754**	33,616
Retention receivables	**–**	10,686
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses (note)	**22,273**	12,619
— Others	**995**	1,030
	35,022	57,951

Note: As at 31 March 2019, included in deposits and prepaid expenses is (i) a deposit of HK$25,000 (2018: HK$25,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (note 35); and (ii) a rental deposit of HK$238,000 (2018: HK$165,000) paid to C & P (Holdings) Hong Kong Limited, which is a related company of the Group (note 34). The remaining amounts mainly represent prepaid operating expenses and prepaid construction costs.

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$11,754,000 and HK$33,616,000 respectively.

As at 31 March 2018, retention receivables amount to HK$10,686,000, of which HK$4,979,000 are due after one year. Upon application of HKFRS 15, the retention receivables were reclassified to contract assets.

The Group allows credit period up to 60 days to certain customers. The ageing analysis of the Group's trade receivables based on certification date at the end of each reporting period are as follows:

	2019 HK$'000	2018 HK$'000
Trade receivables:		
0–30 days	**7,652**	15,089
31–60 days	**3,902**	17,689
Over 60 days	**200**	838
	11,754	33,616

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$200,000 which are past due within 90 days and is not considered as in default. The Group does not hold any collateral over these balances.

As at 31 March 2018, 98% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

As at 31 March 2018, included in the Group's trade receivable balance were debtors with aggregate carrying amount of HK$838,000, which were past due for 61–90 days as at the reporting date for which the Group had not provided for impairment loss. The Group did not hold any collateral over these balances.

Details of the impairment assessment for the year ended 31 March 2019 are set out in note 32.

20. AMOUNTS WITH JOINT OPERATIONS AND OTHER PARTNERS OF JOINT OPERATIONS

(i) The amounts due from joint operations comprise:

	2019 **HK$'000**	2018 HK$'000
Trade related (note a)	**263**	2,939
Non-trade related (note b)	**21,581**	17,035
	21,844	19,974

Note:

(a) As at 31 Match 2019 and 1 April 2018, trade-nature amounts due from joint operations amounted to HK$263,000 and HK$2,939,000 respectively. The Group allows a credit period of up to 60 days on amounts due from joint operations. The aged analysis of the Group's trade-related amounts due from joint operations based on invoice date at the end of each reporting period are as follows:

	2019 **HK$'000**	2018 HK$'000
0–30 days	**69**	2,939
31–60 days	**194**	–
	263	2,939

There is no past due balance as at 31 March 2019 (2018: Nil).

Details of the impairment assessment for the year ended 31 March 2019 are set out in note 32.

(b) The amounts are unsecured, interest-free and expected to be realised within twelve months from the end of the reporting period.

(ii) The amounts due to other partners of joint operations comprise:

	2019 **HK$'000**	2018 HK$'000
Trade related (note a)	**10,634**	8,756
Non-trade related (note b)	**2,730**	5,326
	13,364	14,082

20. AMOUNTS WITH JOINT OPERATIONS AND OTHER PARTNERS OF JOINT OPERATIONS *(Continued)*

(ii) The amounts due to other partners of joint operations comprise: *(Continued)*

Note:

(a) The credit period for trade-related amounts due to other partners of joint operations is up to 60 days. The ageing analysis of the Group's trade-related amounts due to other partners of joint operations based on invoice date at the end of each reporting period is as follows:

	2019	2018
	HK$'000	HK$'000
0–30 days	**157**	336
31–60 days	**295**	174
61–90 days	**126**	172
Over 90 days	**10,056**	8,074
	10,634	8,756

(b) The amounts are unsecured, interest-free and repayable on demand.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL include:

	2019	2018
	HK$'000	HK$'000
Equity securities listed in Hong Kong (note a)	**1,653**	4,416
Global fund — unlisted (note b)	**2,833**	3,413
	4,486	7,829

Note:

(a) The fair value of the listed equity securities were determined based on the quoted bid prices in an active market.

(b) The fair value of unlisted investment funds was determined by the fund administrator with reference to the net asset value of the investment fund.

22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits of the Group are pledged to a bank for securing the performance bond issued by the bank to a customer on behalf of the Group as a guarantee (see note 35). The project is expected to be completed within one year after the end of the reporting period.

The bank balances comprise cash held by the Group and other short-term bank deposits with an original maturity of three months or less.

The pledged bank deposits/bank balances carry interest at market rates which are as follows:

	2019	2018
Range of interest rate per annum:		
Pledged bank deposits	**0.51%–1.31%**	0.5%–3.6%
Bank balances and cash	**0.01%–2.10%**	0.01%–3.70%

Details of the impairment assessment for the year ended 31 March 2019 are set out in note 32.

23. CONTRACT LIABILITIES

	As at 31 March 2019 HK$'000	As at 1 April 2018* HK$'000
Advances from customers of civil engineering works, current	**2,889**	19,160

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

Contract liabilities of the Group, which are expected to be utilised within the Group's normal operating cycle, are classified as current. Revenue from civil engineering works recognised during the year ended 31 March 2019 that was included in the contract liabilities at the beginning of the year was HK$15,357,000. The significant decrease in contract liabilities in the current year was mainly due to the utilisation of HK$13,898,000 receipt in advance from customers for one project.

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

When the Group receives a deposit before the civil engineering works commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

24. CREDITORS AND ACCRUED CHARGES

	2019 HK$'000	2018 HK$'000
Trade payables	**16,059**	22,337
Retention payables	**11,284**	8,692
Other payables and accruals		
Consideration payable for acquisition of an associate	**29,020**	–
Accrued wages	**4,167**	251
Accrued operating expenses	**20**	282
Other payables	**1,106**	1,044
	61,656	32,606

The credit period on trade purchases is 30 to 60 days. The ageing analysis of the Group's trade payables based on invoice date at the end of each reporting period is as follows:

	2019 HK$'000	2018 HK$'000
Trade payables:		
0–30 days	**6,930**	7,428
31–60 days	**7,881**	8,789
61–90 days	**1,050**	2,510
Over 90 days	**198**	3,610
	16,059	22,337

	2019 HK$'000	2018 HK$'000
Retention payables:		
Due within one year	**3,744**	2,790
Due after one year	**7,540**	5,902
	11,284	8,692

25. BANK BORROWING

The variable-rate bank borrowing is repayable as follows:

	2019 HK$'000	2018 HK$'000
Carrying amount repayable (according to scheduled repayment terms):		
Within one year	**1,176**	1,153
More than one year, but not exceeding two years	**697**	1,176
More than two years, but not exceeding five years	**–**	697
	1,873	3,026
Carrying amount that contains a repayment on demand clause	**(1,873)**	(3,026)
	–	–

The variable-rate borrowing as at 31 March 2019 and 2018 are secured by corporate guarantee and carry interest at 3% per annum below the Best Lending Rate offered by a bank.

The carrying amount of the Group's borrowing is denominated in HK$.

26. DEFERRED TAX LIABILITIES

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

	2019 HK$'000	2018 HK$'000
Deferred tax liabilities	**401**	1,292

	Accelerated tax depreciation HK$'000	Revaluation of property HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2017	841	254	(593)	502
Charge (credit) to profit or loss	1,267	(254)	(223)	790
At 31 March 2018	2,108	–	(816)	1,292
Adjustment (note 2.1.1)	–	–	(215)	(215)
	2,108	–	(1,031)	1,077
Credit to profit or loss	(575)	–	(101)	(676)
At 31 March 2019	1,533	–	(1,132)	401

At the end of the reporting period, the Group has unutilised estimated tax losses of HK$23,453,000 (2018: HK$18,326,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$6,858,000 (2018: HK$4,943,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$16,595,000 (2018: HK$13,383,000) due to the unpredictability of future profit streams. Tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

27. SHARE CAPITAL

Details of the movement of the share capital of the Company are as follows:

	Number of shares	Amount
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	200,000,000,000	2,000,000,000
Issued and fully paid:		
At 1 April 2017	420,502,000	4,205,020
Share repurchased and cancelled	(684,000)	(6,840)
At 31 March 2018 and 31 March 2019	419,818,000	4,198,180

During the year ended 31 March 2018, the Company repurchased its own shares through the Stock Exchange as follows:

	No. of ordinary shares	Price per share Highest	Lowest	Aggregate consideration paid
		HK$	HK$	HK$000
Months of repurchase				
July 2017	196,000	0.92	0.88	176
August 2017	488,000	0.89	0.80	410
	684,000			586

The above shares were cancelled upon repurchase. None of the Company and its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

28. SHARE-BASED PAYMENT TRANSACTIONS

The Group adopted a share option scheme on 3 June 2015 ("Share Option Scheme"). The purpose of Share Option Scheme is to provide any directors and full-time employees of any members of the Group, who have contributed or will contribute to the Group ("Participants"), with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, "Offer Date"); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 41,500,000 shares, representing 10% of the total number of shares in issue as at grant date unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer.

On 15 July 2015, the Company offered to grant an aggregate of 25,000,000 share options to certain directors of the Company and employees of the Group. Such share options was expired on 14 January 2018.

The share-based compensation recognised during the year ended 31 March 2018 was HK$1,160,000. No option was granted or exercised during the year ended 31 March 2019.

The table below discloses movement of the Company's share options held by the Group's directors and employees for the year ended 31 March 2018:

	Number of share options
At 31 March 2017	18,374,000
Cancelled during the year (held by the Group's directors)	(8,500,000)
Cancelled during the year (held by the Group's employees)	(9,874,000)
At 31 March 2018	–

29. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of 5% of relevant payroll costs monthly to the MPF Scheme, subject to a maximum amount of HK$1,500 for each employee, which contribution is matched by employees. The total contribution to MPF Scheme for the year ended 31 March 2019 amounted to HK$1,657,000 (2018: HK$1,582,000).

30. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting periods, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**1,704**	1,254
In the second to fifth year inclusive	**609**	–
	2,313	1,254

The leases are generally negotiated for lease terms ranging from 1 to 3 years at fixed rentals.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout both years.

The capital structure of the Group consists of net debt, which includes the bank borrowing disclosed in note 25 and non-trade amounts due to other partners of joint operations, net of cash and cash equivalents and equity, comprising fully paid share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debt and redemption of existing debt.

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

	2019 **HK$'000**	2018 HK$'000
Financial assets		
Amortised cost	**141,539**	–
Financial assets at FVTPL	**4,486**	7,829
Loans and receivables (including bank balances and cash)	**–**	226,258
Held-to-maturity investment	**–**	3,500
	146,025	237,587
Financial liabilities		
Amortised cost	**72,706**	49,181

32b. Financial risk management objectives and policies

The Group's major financial instruments include debt investment/held-to-maturity investment, financial assets at FVTPL, amounts with joint operations and other partners of joint operations, trade receivables, other debtors and deposits, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowing. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

32. FINANCIAL INSTRUMENTS *(Continued)*

32b. Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

The group entities have foreign currency denominated monetary assets which expose the Group to foreign currency risk. The management of the Group believes the Group does not have significant foreign exchange exposures and will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the foreign exchange exposures become significant.

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

	Assets	
	2019	2018
	HK$'000	HK$'000
United States Dollar ("USD")	**1**	2
British Pound ("GBP")	**3,112**	3,433

Sensitivity analysis

The Group is mainly exposed to the fluctuation of GBP. The directors of the Company considers that the Group does not have significant foreign currency exposure in relation to monetary items that are denominated in USD as HK$ is pegged to USD. The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in the group entity's respective functional currency, HK$ against GBP. 5% (2018: 5%) sensitivity rate is used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss (2018: a decrease in post-tax profit) for the year where HK$ strengthen against GBP. For a 5% (2018: 5%) weakening of HK$ against GBP, there would be an equal and opposite impact on the post-tax loss (2018: post-tax profit) for the year, and the balances shown as negative below would be positive.

	Increase in loss (2018: decrease in profit)	
	2019	2018
	HK$'000	HK$'000
GBP	**(130)**	(143)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during both years.

32. FINANCIAL INSTRUMENTS *(Continued)*

32b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Other price risk

The Group is exposed to equity securities through its financial assets at FVTPL at 31 March 2019 and 2018.

The directors of the Company manage this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in banking and infrastructure industries quoted on the Stock Exchange.

The sensitivity analysis below have been determined based on the exposure to equity price risks at 31 March 2019 and 2018.

If the prices of the respective equity instruments had been 10% (2018: 10%) higher or lower, the post-tax loss (2018: post-tax profit) for the year ended 31 March 2019 would have decreased or increased (2018: increased or decreased) by HK$138,000 (2018: HK$369,000) as a result of changes in fair value of financial assets at FVTPL.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, variable-rate pledged bank deposits and variable-rate bank borrowing (see note 25 for details).

The directors of the Company considers that the cash flow interest rate risk in relation to bank balances and variable-rate pledged bank deposits is not significant as the fluctuation of the interest rates on bank balances and pledged bank deposits are minimal.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Best Lending Rate arising from the Group's HK$ denominated bank borrowing. A 50 basis point (2018: nil) increase or decrease in Best Lending Rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. As the impact of a 50 basis point fluctuation in Best Lending Rate on the Group's post-tax loss (2018: post-tax profit) for the year ended 31 March 2019 is insignificant, no sensitivity analysis is presented.

Credit risk and impairment assessment

As at 31 March 2019 and 2018, 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 respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

32. FINANCIAL INSTRUMENTS *(Continued)*

32b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables, trade-nature amounts due from joint operations and contract assets arising from contracts with customers

As at 31 March 2019, the Group has concentration risk on trade receivables and contract assets (2018: trade and retention receivables) from the Group's top three customers of 62% (2018: top three customers of 82%). The major customers of the Group are certain reputable organisations and the management of the Group considered that the credit risk is insignificant after considering their historical settlement and credit quality.

In order to minimise the credit risk, the directors of the Company 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 this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances individually.

Other debtors and deposits, non-trade nature amounts due from joint operations, debt investment, pledged bank deposits and bank balances

The Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on other debtors and deposits, non-trade nature amounts due from joint operations, debt investment, pledged bank deposits and bank balances based on 12m ECL, using internal credit rating.

The credit risk on other debtors and deposits and non-trade nature amounts due from joint operations is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change from the 12 months after the reporting date.

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

The credit risk of debt investment is managed through an internal process. The Group closely monitors the financial performance of the issuer, which is a company listed in the Stock Exchange. In this regard, the directors of the Company consider the Group's credit risk is not significant.

Based on the Group's internal credit rating, no material impairment loss allowance is recognised for other debtors and deposits, non-trade nature amounts due from joint operations and debt investment.

The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

32. FINANCIAL INSTRUMENTS *(Continued)*

32b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

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	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m 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, when amounts are over three years past due	Amount is written off	Amount is written off

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

2019	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK$'000
Contract assets	17	N/A	Note a	Lifetime ECL (not credit-impaired)	49,781
Trade receivables	19	N/A	Note a	Lifetime ECL (not credit-impaired)	11,754
Amounts due from joint operations (trade-nature)	20	N/A	Note a	Lifetime ECL (not credit-impaired)	263
Other debtors and deposits	19	N/A	Low risk (note b)	12m ECL	2,326
Amounts due from joint operations (non-trade nature)	20	N/A	Low risk (note b)	12m ECL	21,581
Debt investment	16	N/A	Low risk (note b)	12m ECL	3,500
Bank balances and pledged bank deposits	22	A1	N/A	12m ECL	102,105

Note:

(a) For trade receivables, trade-nature amounts due from joint operations and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected loss for debtors individually.

(b) For the purposes of internal credit risk management, the Group uses the financial information of the joint operations and the issuer of debt investment and the past-due information of other debtors and deposits to assess whether credit risk has increased significantly since initial recognition. The joint operations and the issuer of debt investment are considered by management to have sound financial position. The balances of other debtors and deposits are not past due.

The directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No material impairment has been resulted for the year ended 31 March 2019.

32. FINANCIAL INSTRUMENTS *(Continued)*

32b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowing, as appropriate.

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

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2019						
Trade and other payables	–	48,077	1,852	7,540	57,469	57,469
Amounts due to other partners of joint operations	–	13,364	–	–	13,364	13,364
Bank borrowing	2.06	1,873	–	–	1,873	1,873
		63,314	1,852	7,540	72,706	72,706

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2018						
Trade and other payables	–	23,381	2,790	5,902	32,073	32,073
Amounts due to other partners of joint operations	–	14,082	–	–	14,082	14,082
Bank borrowing	2.00	3,026	–	–	3,026	3,026
		40,489	2,790	5,902	49,181	49,181

Bank borrowing with a repayment on demand clause are included in the "repayable on demand or less than 3 months" time band in the above maturity analysis. As at 31 March 2019, the aggregate undiscounted principal amounts of this bank borrowing amounted to HK$1,873,000 (2018: HK$3,026,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid within 2 years (2018: 3 years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019					
Bank borrowing					
— variable rates	1,205	702	–	1,907	1,873
At 31 March 2018					
Bank borrowing					
— variable rates	1,203	1,203	701	3,107	3,026

32. FINANCIAL INSTRUMENTS *(Continued)*

32c. Fair value measurements of financial instruments

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

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Held-for-trading non-derivative financial assets are measured at fair value at 31 March 2019. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (levels 1 to 3 as set out in note 3) based on the degree to which the inputs to the fair value measurement is observable.

Financial assets at FVTPL	Fair value as at 31 March 2019	Fair value hierarchy	Valuation technique and key input
Held-for-trading non-derivative financial assets	Listed equity securities in Hong Kong: HK$1,653,000 (2018: HK$4,416,000)	Level 1	Quoted bid prices in an active market
Held-for-trading non-derivative financial assets	Global fund: HK$2,833,000 (2018: HK$3,413,000)	Level 2	Quoted prices provided by the fund administrator with reference to the net asset value of the investment fund

There is no transfer amongst the different levels of the fair value hierarchy during the year.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payable HK$'000 (note 12)	**Bank borrowing** HK$'000 (note 25)	**Amounts due to other partners of joint operations (non-trade)** HK$'000 (note 20)	**Total** HK$'000
At 1 April 2017	–	–	2,000	2,000
Financing cash flows	–	2,999	3,326	6,325
Interest expenses	–	27	–	27
At 31 March 2018	–	3,026	5,326	8,352
Financing cash flows	(14,694)	(1,234)	(2,596)	(18,524)
Interest expenses	–	81	–	81
Dividend declared	14,694	–	–	14,694
At 31 March 2019	–	1,873	2,730	4,603

34. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with a related party during the year:

Name of related party	**Nature of transaction**	**2019** **HK$'000**	2018 HK$'000
C&P (Holdings) Hong Kong Limited	Rental expense (note)	**1,315**	1,078

Note: C & P (Holdings) Hong Kong Limited is a related company in which a sibling of the director and a shareholder of the Company own its entire interest.

(ii) Balances

Details of balances with related parties are set out in notes 19 and 20.

(iii) Compensation of key management personnel

The remuneration of executive directors of the Company and other members of key management was as follows:

	2019 **HK$'000**	2018 HK$'000
Short term benefits	**14,211**	14,477
Post-employment benefits	**93**	108
	14,304	14,585

35. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits or pledged bank deposits (see notes 19 and 22). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	2019	2018
	HK$'000	HK$'000
Issued by the Group's banks	**16,621**	13,298
Issued by an insurance institution	**25**	25
	16,646	13,323

36. JOINT OPERATIONS

Particulars of the Group's material joint operations at the end of each reporting period are as follows:

Name of joint operation	**Place of establishment and operation**	**Form of business structure**	**Equity interest attributable to the Group 2019**	2018	**Principal activities**
Concentric — Hong Kong River	Hong Kong	Unincorporated	**51.00%**	51.00%	Construction and civil engineering
Peako — Wo Hing	Hong Kong	Unincorporated	**70.00%**	70.00%	Construction and civil engineering
Penta Ocean — Concentric	Hong Kong	Unincorporated	**49.00%**	49.00%	Construction and civil engineering

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place or incorporation/ operations	Paid up capital	Proportion of ownership interest held by the Company 2019	2018	Proportion of voting power held by the Company 2019	2018	Principal activities
Directly held:							
Keytime Development Limited	British Virgin Islands ("BVI")	Ordinary shares US$1	**100%**	100%	**100%**	100%	Investment holding
Wit Plus Limited	BVI	Ordinary shares US$1	**100%**	100%	**100%**	100%	Investment holding
Rich Partner	BVI	Ordinary shares US$100	**100%**	–	**100%**	–	Investment holding
Indirectly held:							
Peako	Hong Kong	Ordinary shares HK$20,680,000	**100%**	100%	**100%**	100%	Construction and civil engineering
Concentric	Hong Kong	Ordinary shares HK$28,680,000	**100%**	100%	**100%**	100%	Construction and civil engineering
Man King Construction Limited	Hong Kong	Ordinary shares HK$100	**100%**	100%	**100%**	100%	Investment holding

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

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

At 31 March 2019

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investments in subsidiaries	–*	–*
Current assets		
Amounts due from subsidiaries (note)	3,105	19,305
Other debtors	123	122
Bank balances and cash	2,139	59,784
	5,367	79,211
Current liability		
Other payables	243	278
Total assets less current liability/Net assets	5,124	78,933
Capital and reserves		
Share capital	4,198	4,198
Reserves	926	74,735
Total equity	5,124	78,933

* Less than HK$1,000

Note: The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The Group expects to realise the amount within 12 months from the end of reporting period.

Movement in the Company's reserves

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	87,053	3,316	(13,250)	77,119
Loss for the year	–	–	(2,965)	(2,965)
Share repurchased and cancelled (note 27)	(579)	–	–	(579)
Transfer to retained earnings upon expiry of share options	–	(4,476)	4,476	–
Share-based compensation (note 28)	–	1,160	–	1,160
At 31 March 2018	86,474	–	(11,739)	74,735
Loss for the year	–	–	(59,115)	(59,115)
Dividend (note 12)	(14,694)	–	–	(14,694)
At 31 March 2019	71,780	–	(70,854)	926

FINANCIAL SUMMARY

RESULTS

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenue	260,845	183,279	164,516	232,157	**184,635**
Operating profit (loss)	48,660	40,060	10,961	9,137	**(2,624)**
Listing expenses	(7,089)	(5,873)	–	–	**–**
Finance costs	(203)	(85)	–	(27)	**(81)**
Profit (loss) before tax	41,368	34,102	10,961	9,110	**(2,705)**
Income tax (expense) credit	(6,383)	(6,900)	(2,432)	(2,103)	**71**
Profit (loss) for the year	34,985	27,202	8,529	7,007	**(2,634)**
Other comprehensive income	–	1,193	–	–	**–**
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	34,985	28,395	8,529	7,007	**(2,634)**
Earnings (loss) per share Basic and diluted (in HK cents)	12.66	7.05	2.05	1.67	**(0.63)**

FINANCIAL POSITION

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Total assets	215,456	314,666	328,220	355,180	**315,749**
Total liabilities	73,613	58,044	54,879	74,258	**80,202**
Total equity	141,843	256,622	273,341	280,922	**235,547**