

**GAIN PLUS HOLDINGS LIMITED**  
**德益控股有限公司**

(incorporated in the Cayman Islands with limited liability)

Stock code : 9900

**ANNUAL  
REPORT  
2020-21**

# Contents

- 02** Corporate Information
- 03** Chairman's Statement
- 04** Management Discussion and Analysis
- 08** Biographical Details of Directors and Senior Management
- 12** Corporate Governance Report
- 24** Environmental, Social and Governance Report
- 36** Report of the Directors
- 49** Independent Auditor's Report
- 53** Consolidated Statement of Profit or Loss and  
Other Comprehensive Income
- 54** Consolidated Statement of Financial Position
- 55** Consolidated Statement of Changes in Equity
- 56** Consolidated Statement of Cash Flows
- 57** Notes to the Consolidated Financial Statements
- 100** Financial Summary

# Corporate Information

## Board of Directors

### Executive Directors

Mr. Tsang Chiu Kwan (*Chairman*)  
Mr. Tsang Man Ping (*Chief Executive Officer*)  
Mr. Lee Alexander Patrick (*resigned on 21 July 2020*)  
Mr. Lau Ka Ho (*appointed on 25 February 2021*)

### Independent non-executive Directors

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

## Authorised Representatives

Mr. Tsang Chiu Kwan  
Mr. Tsang Man Ping

## Company Secretary

Mr. Kwong Chun Ming Alex

## Audit Committee

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

## Remuneration Committee

Mr. So Chun Man (*Chairman*)  
Mr. Chen Yeung Tak  
Ms. Li Amanda Ching Man  
Mr. Lau Ka Ho (*appointed on 25 February 2021*)

## Nomination Committee

Ms. Li Amanda Ching Man (*Chairman*)  
Mr. So Chun Man  
Mr. Chen Yeung Tak  
Mr. Lau Ka Ho (*appointed on 25 February 2021*)

## Auditor

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

## Principal Bankers

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

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

## Registered Office

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

## Headquarters and Principal Place of Business in Hong Kong

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

## Cayman Islands Principal Share Registrar and Transfer Office

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

## Hong Kong Branch Share Register and Transfer Office

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

## Company's Website

[www.doublegain.hk](http://www.doublegain.hk)

## Stock Code

9900

# Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the “**Board**”) of Gain Plus Holdings Limited (the “**Company**”), I am pleased to present the annual report of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 March 2021 (“**Year**”).

## Business Review

The Group achieved an increase in revenue of from approximately HK\$932.8 million for the year ended 31 March 2020 to HK\$951.2 million for the Year. Such increase mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects, namely maintenance and repair work for all aided schools and Hong Kong Government properties at the New Territories east and revamp of public toilet, partially offset by the decrease in value of work certified of projects, namely superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works, and refurbishment and conversion of a hospital.

The Group's profit attributable to shareholders increased from approximately HK\$24.5 million for the year ended 31 March 2020 to HK\$34.1 million for the Year, the increase in profit attributable to shareholders was mainly due to the non-recurring listing expenses in relation to the Transfer of Listing of approximately HK\$18.5 million incurred during the year ended 31 March 2020 and partially offset by the increase in other income, other gains and losses.

## Forward

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

## Appreciation

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

**Gain Plus Holdings Limited**  
**Tsang Chiu Kwan**  
*Chairman*

Hong Kong, 22 June 2021

# Management Discussion and Analysis

## Business Review and Outlook

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

Looking forward, the Directors consider that the future opportunities and challenges which the Group face will be affected by uncertainty to construct industry due to the continuous outbreak of coronavirus disease (COVID-19) and the availability of construction projects from the public and private sectors in Hong Kong.

Our Group is stay positive about the prospects of the construction market and will continue to focus on our core business.

## Financial Review

### Revenue

Our revenue increased from approximately HK\$932.8 million for the year ended 31 March 2020 to approximately HK\$951.2 million for the Year. The increase was mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects, namely maintenance and repair work for all aided schools and Hong Kong Government properties at the New Territories east and revamp of public toilet, partially offset by the decrease in value of work certified of projects, namely superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works and refurbishment and conversion of a hospital.

### Cost of Services

Our cost of services increased from approximately HK\$857.6 million for the year ended 31 March 2020 to approximately HK\$890.7 million for the Year. The increase was mainly attributable to increase in cost of services incurred by RMAA Services projects, partially offset by the decrease in cost of services incurred by building construction services projects.

### Gross Profit

Our gross profit decreased from approximately HK\$75.2 million for the year ended 31 March 2020 to approximately HK\$60.5 million for the Year. Our gross profit margin decreased from approximately 8.1% for the year ended 31 March 2020 to approximately 6.4% for the Year. Such decrease was mainly attributable to the decrease in the gross profit margin of building construction services as mainly due to completion of project, namely superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works and refurbishment.

### Other Income, Other Gains and Losses

Our other income, other gains and losses increased from approximately HK\$0.9 million for the year ended 31 March 2020 to HK\$6.8 million for the Year. The increase was mainly attributable to the increase in government subsidies.

### Administrative Expenses

Our Group’s administrative expenses increased from approximately HK\$22.5 million for the year ended 31 March 2020 to approximately HK\$24.1 million for the Year. The increase was mainly attributable to the increase in staff costs including directors’ remuneration.

## Management Discussion and Analysis (Continued)

### Finance Costs

Our Group's finance costs was approximately HK\$0.2 million for the Year, which was similar as compared to year ended 31 March 2020.

### Income Tax Expenses

The income tax expenses decreased by approximately HK\$3.2 million for the Year. Our effective tax rate was approximately 16.8% for the Year after excluding the non-taxable income of government subsidies of approximately HK\$6.4 million, which was almost the same as per the effective tax rate of 17% for year ended 31 March 2020 after excluding the non-deductible expense of listing expense of approximately HK\$18.5 million.

### Profit for the year

Our Group's net profit increased from approximately HK\$24.5 million for the year ended 31 March 2020 to approximately HK\$34.1 million for the Year. Such increase was mainly attributable to the increase in other income, other gains and losses and decrease in income tax expenses, as explained above.

### Dividend

The Directors do not recommended the payment of a final dividend for the year ended 31 March 2021.

### Liquidity and Financial Resources

The Group maintained a sound financial position during the Year. As at 31 March 2021, the Group had bank balances and cash of approximately HK\$61.8 million (2020: approximately HK\$73.4 million). The total interest-bearing borrowings, including bank borrowings and lease liabilities of the Group as at 31 March 2021 was approximately HK\$7.3 million (2020: approximately HK\$8.9 million), and the current ratio as at 31 March 2021 was approximately 3.8 (2020: approximately 2.7).

### Gearing Ratio

The gearing ratio of the Group as at 31 March 2021 was approximately 3.3% (2020: approximately 4.8%), which decreased as the Group repaid bank borrowings and lease liabilities during the Year. The gearing ratio is calculated by dividing the total debt which represents lease liabilities and bank borrowings by total equity as at the end of the years multiplied by 100%.

### Capital Structure

There has been no change in the capital structure of the Company during the Year. The share capital of the Group only comprises of ordinary shares.

### Commitment

The operating lease commitment of the Group was related to the lease of its office, workshops and warehouses, which was recognised as lease liabilities upon the adoption of HKFRS 16 since 1 April 2019.

The capital commitment of the Group was capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements. As at 31 March 2021, the amount was approximately HK\$1.7 million (2020: HK\$nil).

## Management Discussion and Analysis (Continued)

### Segment Information

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

### Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed “Future plans and use of proceeds” of the prospectus dated 30 January 2018 for the listing of our Company shares (“Listing”) on the GEM operated by the Stock Exchange of Hong Kong Limited (“GEM”) (collectively, the “GEM Prospectus”), the Group did not have any plans for material investments and capital assets.

### Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

### Significant Investment

As at 31 March 2021 and 2020, the Group did not hold any significant investment.

### Contingent Liabilities

As at 31 March 2021 and 2020, the Group did not have material contingent liabilities.

### Exposure to Exchange Rate Fluctuation

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

### Charge of Group’s Assets

As at 31 March 2021, the Group did not charge any of Group’s assets.

### Employees and Remuneration Policies

As at 31 March 2021, the Group had a total of 289 employees (2020: 304 employees). The Group’s gross staff costs for the year ended 31 March 2021 amounted to approximately HK\$73.6 million (2020: HK\$84.6 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group’s results and individual performance. There was no forfeited contribution under Mandatory Provident Fund scheme during the year ended 31 March 2021. We provide various types of trainings to our employees and sponsor our employees to attend training courses.

The remuneration to members of senior management by band for year ended 31 March 2021 is set out below:

	No. of individual
HK\$nil to HK\$1,000,000	2
HK\$1,000,001 to HK\$1,500,000	1

### Events After the Reporting Period

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2021.



## Management Discussion and Analysis (Continued)

### Use of Proceeds

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

	<b>Adjusted use of net proceeds</b>	<b>Planned use of net proceeds for Listing Date to 31 March 2021</b>	<b>Actual use of net proceeds up to 31 March 2021</b>
	HK\$ million	HK\$ million	HK\$ million
The recruitment and retaining of additional staff	21.2	21.2	21.2
The surety bond	23.7	16.0	15.0
Purchase of machineries and motor vehicles	2.9	2.9	2.9
Working capital	4.0	N/A	4.0
<b>Total</b>	<b>51.8</b>		<b>43.1</b>

The net proceeds are designated for the purposes in accordance with disclosures in the GEM Prospectus. Up to 31 March 2021, the actual use of net proceeds was delayed mainly due to the fact that only two projects awarded required surety bond to be provided since GEM Listing date.

The Company intends to continue to apply the unused amount of net proceeds allocated for surety bond of approximately HK\$8.7 million for the same purpose in accordance with the section headed "Future Plans and Use of Proceeds" of the GEM Prospectus.



# Biographical Details of Directors and Senior Management

## Executive Directors

**Mr. Tsang Chiu Kwan (“Mr. CK Tsang”)**, aged 57, was appointed as our Director on 4 July 2017 and appointed as Chairman of the Board and re-designated as executive Director on 27 July 2017. Mr. CK Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group.

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

Mr. CK Tsang has over 18 years of experience in the construction industry. Prior to joining our Group, Mr. CK Tsang served as an engineer and was responsible for the equipment maintenance and production supervision in Motorola Semiconductors (HK) Limited, a company principally engaged in manufacturing of semi-conductors from July 1988 to June 2001. Between May 2002 to March 2006, he served as a director in Gowin Engineering Co., Limited, a construction company, where he was responsible for the development and execution of business strategies.

**Mr. Tsang Man Ping (“Mr. MP Tsang”)**, aged 48, was appointed as our Director on 4 July 2017 and appointed as the chief executive officer of our Group and re-designated as our executive Director on 27 July 2017. Mr. MP Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the execution of day-to-day project management of our Group.

Mr. MP Tsang attended Yuen Long Merchants Association Secondary School. Mr. MP Tsang has over 25 years of experience in the construction industry. He was a sole proprietor of the unlimited company Shing Lee Engineering Company, which principally engaged in the provision of fitting out works, throughout the period from January 1996 to December 2004, where Mr. MP Tsang was responsible for the development and execution of business strategies. In 2004, Mr. MP Tsang co-founded Double Gain and subsequently ceased to carry out business through Shing Lee Engineering Company in around 2005 when it was dissolved while solvent.

**Mr. Lau Ka Ho**, aged 43, was appointed as our executive Director on 25 February 2021. He obtained his master’s degree of business administration from The University of Iowa in 2010. He further obtained his master’s degree of corporate governance from The Open University of Hong Kong in 2015. Mr. Lau is currently a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He is also a member of The Hong Kong Institute of Directors.

Mr. Lau has over 15 years of experience in corporate management, corporate finance and corporate secretarial areas. Mr. Lau was previously the deputy chief financial officer and company secretary of Peace Map Holding Limited, a company previously listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), from April 2013 to November 2018. He acted as the company secretary of AVIC International Holding (HK) Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 232) from May 2018 to December 2018. Since December 2018, he has been working with Prosperous Future Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1259), and is currently an executive director and the chief executive officer of the company. Since June 2020, he has been appointed as an independent non-executive director of International Entertainment Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 1009).

## Biographical Details of Directors and Senior Management (Continued)

### Independent Non-executive Directors

**Mr. So Chun Man**, aged 45, was appointed as our independent non-executive Director on 23 January 2018. Mr. So obtained a Higher Certificate in Building Studies from Hong Kong Technical College in June 1998 and a Bachelor of Applied Science Construction Management and Economics from Curtin University of Technology, Australia in September 2001. He is a member of both the Australian Institute of Building and the Hong Kong Institute of Construction Managers since August 2005, an incorporate member of the Chartered Institute of Building United Kingdom since April 2007 and a member of the Chartered Association of Building Engineers since September 2015. Further, he was a Council Member of the Hong Kong General Building Contractor Association from 2015 to 2016. From July 2016 to June 2018, he was the Vice Honorary Secretary of the Hong Kong General Building Contractor Association. Mr. So has been the Honorary President of the Fire Safety Ambassador Honorary Presidents' Association of Fire Services Department and the Vice President of the Hong Kong General Building Contractor Association since October 2016 and July 2018 respectively.

Mr. So has over 29 years' experience in construction industry. From August 1991 to July 1997, Mr. So worked at WTP (Hong Kong) Limited with his last position as Assistant Quantity Surveyor. From October 1997 to March 2004, he worked at Chun Wo Construction & Engineering Co., Limited with his last position as Assistant Quantity Surveyor Manager. From April 2004 to May 2009 and from June 2009 to September 2010, he was a director of Fulluck Construction Engineering Limited and Joy Smart Construction Engineering Limited respectively. From March 2011 to March 2015, he worked as a project director for Yee Hop Engineering Co., Limited. From May 2015 to May 2017, he was a director for Rodney Construction & Engineering Co., Limited and he has been currently the director of RS Construction Engineering Limited since October 2015.

**Mr. Chen Yeung Tak**, aged 36, was appointed as our independent non-executive Director on 23 January 2018. Mr. Chen obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chen has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

Mr. Chen has over 14 years of experience in auditing, accounting and financial management. Mr. Chen was employed, among others, by Fung, Yu & Co. CPA Limited from July 2006 to December 2010 with his last position as an assistant manager; Deloitte Touche Tohmatsu as a senior auditor from January 2011 to October 2012; and PYI Corporation Limited (a company listed on the Stock Exchange with stock code 498 with principal business of ports and infrastructure development and investment) from October 2012 to February 2015 with his last position as an accounting manager. Mr. Chen is currently the executive director and company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code 1751), which is principally engaged in concrete demolition works in Hong Kong and Macau, and an independent non-executive Director of (i) AV Promotions Holding Limited (a company listed on the Stock Exchange with stock code 8419), which principally provides one-stop visual, lighting and audio solutions in the PRC, Hong Kong and Macau; and (ii) DT Capital Limited (a company listed on the Stock Exchange with stock code 356), which is principally engaged in securities investment.

**Ms. Li Amanda Ching Man**, aged 45, was appointed as our independent non-executive Director on 23 January 2018. Ms. Li was granted a Bachelor of Commerce degree by the University of British Columbia in May 1998 and was admitted to the University of London Degree of Bachelor of Laws (long distance programme) in August 2001. She was conferred a Postgraduate Certificate in Laws by The University of Hong Kong in June 2003.

Ms. Li has over 15 years of experience as a legal practitioner. She was admitted as a solicitor of Hong Kong in November 2005. She worked as a trainee solicitor and an associate at Sidley Austin from September 2003 to August 2005, and September 2005 to June 2008 respectively, and as an associate at the corporate group of DLA Piper from June 2008 to November 2010. From February 2011 to March 2013, she worked as a manager at the investment products division of the Securities and Futures Commission. She is currently a consultant at CFN Lawyers.

## Biographical Details of Directors and Senior Management (Continued)

### Senior Management

**Mr. Wong Ho Yin**, aged 45, is the associate director of our Group. He is responsible for the operation and management of the construction projects of our Group. Mr. Wong obtained his Higher Diploma in Building from the City University of Hong Kong in November 1997 and subsequently his Bachelor of Science in Construction Management (distance programme) from Heriot-Watt University, United Kingdom, in June 2009. He was admitted as a member of the Chartered Institute of Building in August 2018 and is entitled to use the designation MCIOB and describe himself as a Chartered Construction Manager since then.

Mr. Wong has over 23 years of experience in construction industry. Prior to joining our Group, he worked at China Civil Engineering Construction Corporation from July 1997 to September 2002 with his last position as project coordinator. Subsequently, Mr. Wong joined as project coordinator at Chun Wo from September 2002 to February 2004. He then served as a site agent at Welgain & Goldwin Construction Engineering Ltd and Yau Luen Construction & Engineering Ltd from February 2004 to October 2004 and from October 2004 to August 2005 respectively. From August 2005 to January 2007, Mr. Wong served as a project coordinator at CW Construction (Macau) Limited. Subsequently, he joined our Group from January 2007 to October 2016 with his last position as project manager. From October 2016 to September 2018, Mr. Wong served as a clerk of works to DLN Architects Limited. He rejoined our Group as an associate director since October 2018.

**Mr. Tse Choi Lam**, aged 48, is the senior project manager of our Group. He joined our Group in August 2011 as a site agent and was promoted to his current position in August 2018. He is responsible for the operation and management of the construction projects of our Group. He obtained the Certificate in Building Studies from Morrison Hill Technical Institute (former name of the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1995 and the Higher Certificate in Building Studies from Hong Kong Technical College in June 1997. He also completed various training courses including a construction safety supervisor course (part-time programme) in October 2003, a highways department site audit inspection standards (safety & roadwork obligations) course in May 2005, a metal scaffold erecting and dismantling supervision training course in October 2007 at the Construction Industry Training Authority of Hong Kong, and an occupational safety management course at the Occupational Safety and Health Council in June 2007.

Mr. Tse has over 26 years experience in construction industry. Prior to joining our Group, he worked at Shui On Building Contractors Ltd. with his last position as foreman from September 1994 to November 1997. He worked as a works supervisor I for Dennis Lau & Ng Chun Man Architects & Engineers (H.K) Limited from December 1997 to February 2001. He then joined Tai Fong Engineering Hong Kong Co., Ltd. from April 2001 to April 2002 and Wing Hong Contractors Ltd. from May 2002 to September 2002, both as a group representative. From March 2003 to June 2011, he worked for Chun Wo Construction & Engineering Co. Ltd. with last position as site agent.

**Mr. Kwong Chun Ming Alex**, aged 42, is the chief financial officer of our Group. He joined our Group in May 2017 and is responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group. Mr. Kwong obtained his Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 2003. He became a member of the Hong Kong Institute of Certified Public Accountants in January 2008 and a fellow member of the Association of Chartered Certified Accountants in March 2012.

He has over 16 years of experience in accounting. Prior to joining our Group, Mr. Kwong worked at Deloitte Touche Tohmatsu from October 2004 to November 2011 with his last position as manager. From December 2011 to May 2017, he worked at Ernst & Young with his last position as senior manager.

## Biographical Details of Directors and Senior Management (Continued)

**Mr. Tse Man Kin**, aged 40, is the quantity surveyor manager of our Group. He is responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group. He obtained the Certificate in Building Studies (Building Option) and the Higher Certificate in Building Studies from the Hong Kong Institute of Vocational Education in July 2004 and July 2008 respectively. He obtained his Bachelor of Science in Civil Engineering (distance programme) from the Bulacan State University the Philippines in June 2012. Mr. Tse also completed various training courses including a construction safety officer course and an assistant safety officer evening course (and awarded the construction safety supervisor certificate) at the Construction Industry Training Authority of Hong Kong in October 2005 and September 2007 respectively.

Mr. Tse has over 16 years experience in construction industry. Prior to joining our Group, he worked as an quantity surveyor for Woon Lee Construction Co., Ltd. from October 2004 to April 2005. From April 2005 to March 2010, he joined our Group as a project coordinator. He worked for Ringtone Ltd. as a project coordinator from April 2010 to September 2011 and he re-joined our Group in October 2011 as a quantity surveyor and was promoted to his current position in April 2014.

### Company Secretary

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

# Corporate Governance Report

## Corporate Governance Practices

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

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. During the year ended to 31 March 2021, the Board is of the opinion that the Company has complied with all the code provisions of the CG Code.

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

## Board of Directors

### Composition of the board

The Board currently comprises:

#### Executive Directors

Mr. Tsang Chiu Kwan (*Chairman*)  
Mr. Tsang Man Ping (*Chief Executive Officer*)  
Mr. Lau Ka Ho

#### Independent non-executive Directors

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

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

## Chairman and Chief Executive

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

In compliance with rules 3.10(1), (2) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors and one of whom (Mr. Chen Yeung Tak) has appropriate professional qualifications, or accounting and related financial management expertise.



### Responsibilities of the Board

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

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

The Company has received annual confirmations from each of the independent non-executive Directors of his independence, and the Company considered each of them to be independent in accordance with rule 3.13 of the Listing Rules.

### Board Committees

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

### Audit Committee

The Company has established the Audit Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph C3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. So Chun Man and Ms. Li Amanda Ching Man. Mr. Chen Yeung Tak has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director with the appropriate professional qualifications.

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

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

## Corporate Governance Report (Continued)

Subsequent to year ended 31 March 2021 and up to the date of this annual report, the meeting of the Audit Committee was held on 22 June 2021, during which the Audit Committee has, among other things, reviewed the consolidated financial statements of the Group for the year ended 31 March 2021, including the accounting policies and practices adopted by the Group, as well as the risk management and internal control systems of the Group. The attendance records of the respective members of the Audit Committee to its meetings during the year are set out below:

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

### Remuneration Committee

The Company has established the Remuneration Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph B1 of the CG Code. The Remuneration Committee has four members, namely Mr. So Chun Man, Mr. Chen Yeung Tak, Ms. Li Amanda Ching Man and Mr. Lau Ka Ho. Mr. So Chun Man has been appointed as the chairman of the Remuneration Committee.

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

The members of the Remuneration Committee should meet at least once a year. During the year, 3 Remuneration Committee meeting was held among other things, reviewing the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

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

Name of member of the Remuneration Committee	Attendance/ number of meeting held
Mr. So Chun Man ( <i>Chairman</i> )	3/3
Mr. Chen Yeung Tak	3/3
Ms. Li Amanda Ching Man	3/3
Mr. Lau Ka Ho (Note 1)	—/—

Note 1: Mr. Lau Ka Ho was appointed as member of Remuneration Committee with effect from 25 February 2021. After his appointment, no Remuneration Committee meeting was held.

The remuneration to members of senior management by band for year ended 31 March 2021 is set out below:

	No. of individual
HK\$nil to HK\$1,000,000	2
HK\$1,000,001 to HK\$1,500,000	1



## Nomination Committee

The Company has established the Nomination Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph A5 of the CG Code. The Nomination Committee consists of four members, namely Ms. Li Amanda Ching Man, Mr. So Chun Man, Mr. Chen Yeung Tak and Mr. Lau Ka Ho. Ms. Li Amanda Ching Man has been appointed as the chairman of the Nomination Committee.

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

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

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

Name of member of the Nomination Committee	Attendance/ number of meeting held
Ms. Li Amanda Ching Man ( <i>Chairman</i> )	2/2
Mr. So Chun Man	2/2
Mr. Chen Yeung Tak	2/2
Mr. Lau Ka Ho (Note 1)	—/—

Note 1: Mr. Lau Ka Ho was appointed as member of Nomination Committee with effect from 25 February 2021. After his appointment, no Nomination Committee meeting was held.

## Nomination Policy

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

### Summary of the Nomination Policy

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

### Selection criteria

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

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- (c) Measurable objectives adopted for achieving diversity on the Board;

## Corporate Governance Report (Continued)

- (d) Requirements for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (e) Potential contributions he/she can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

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

### Nomination procedures

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

#### (a) Appointment of new director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

### (b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

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

### Review of Nomination Policy

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

### Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors since the Listing Date and up to the date of this annual report.

Pursuant to B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

### Board Diversity Policy

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

### Summary of the Board Diversity Policy

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

## Corporate Governance Report (Continued)

### Measurable Objectives

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

### Implementation and Monitoring

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

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the year ended 31 March 2021.

### Board Meeting, General Meeting and Procedures

During the Year, one annual general meeting and four Board meeting was held. The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. The attendance record of each Director at annual general meeting and the Board meeting is set out in the table below:

	Number of attendance/ Annual general meeting	Number of attendance/ number of Board meetings
<b>Executive Directors</b>		
Mr. Tsang Chiu Kwan ( <i>Chairman</i> )	1/1	4/4
Mr. Tsang Man Ping ( <i>Chief Executive Officer</i> )	0/1	4/4
Mr. Lee Alexander Patrick (Note 1)	0/1	1/4
Mr. Lau Ka Ho (Note 2)	—/—	—/—
<b>Independent non-executive Directors</b>		
Mr. Chen Yeung Tak	1/1	4/4
Mr. So Chun Man	1/1	4/4
Ms. Li Amanda Ching Man	1/1	4/4

Notes:

1. Mr. Lee Alexander Patrick was resigned as an executive Directors with effect from 21 July 2020. Before his resignation, one Board meeting was held.
2. Mr. Lau Ka Ho was appointed as an executive Directors with effect from 25 February 2021. After his appointment, no Board meeting was held.

### Corporate Governance Functions

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

## Corporate Governance Report (Continued)

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

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

### Appointment and Re-Election of Directors

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

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

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

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

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

### Continuous Professional Development

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

## Corporate Governance Report (Continued)

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

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

### Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 March 2021, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

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

### Internal Control and Risk Management

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

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



## Corporate Governance Report (Continued)

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

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

### Auditors' Remuneration

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

For the year ended 31 March 2021, the remuneration paid or payable to the auditor of the Company, in respect of their audit services and non-audit services for the Group was as follows:

Categories of Services	HK\$'000
Audit	930
Non-audit	32
Total:	962

### Shareholders' Rights

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



## Corporate Governance Report (Continued)

### Procedures for Shareholders to Convene Extraordinary General Meeting

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

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the “**Eligible Shareholder(s)**”) carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the “**Company Secretary**”), to require an extraordinary general meeting (“**EGM**”) to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong or Hong Kong branch share registrar and transfer office of the Company for the attention of the Board and/or the Company Secretary;
- (c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company’s expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;
- (e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

### Procedures for Shareholders to Put Forward Proposals at Shareholders’ Meetings

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

### Procedures for Raising Enquiries

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

## Corporate Governance Report (Continued)

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

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

### Investors Relations

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

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

### Non-Competition Undertakings by Controlling Shareholders

Each of the controlling shareholders of the Company has made an annual declaration to the Company that during the year ended 31 March 2021, he/she/it and his/her/its associates have complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" of the listing document dated 19 December 2019. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

### Dividend Policy

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

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

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

# Environmental, Social and Governance Report

## About This Report

Gain Plus Holdings Limited (the “**Company**” together with its subsidiaries, hereinafter referred to as the “**Group**”, “**we**”, “**us**” or “**our**”) is pleased to present our annual Environmental, Social and Governance Report for year ended 31 March 2021 (the “**ESG Report**”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“**ESG**”) issues.

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Board aims to ensure that the Group’s operations comply with the principle of sustainability and to look after the Group’s daily operations and risk management matters in relation to our ESG-related risks and deal with sustainability issues by regular communication with senior management, monitoring the Group’s daily operations, reviewing feedbacks from stakeholders and updating internal policies whenever necessary.

## Reporting Period

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 April 2020 to 31 March 2021 (the “**Reporting Period**”).

## Reporting Scope

This ESG Report covers all subsidiaries of the Group in Hong Kong with core business that principally engaged in provision of building construction services and repair, maintenance, addition and alteration services (“**RMAA Services**”). The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report. Looking ahead, the Group will continue to improve the transparency of the Group by disclosing further comprehensive information and expanding the scope of the report whenever feasible.

## Reporting Basis

The ESG Report is prepared with the ESG Reporting Guide set out by Appendix 27 of the Listing Rules. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. Certain key performance indicators (“**KPIs**”) which is considered as material by the Group during the Reporting Period are disclosed in the ESG Report. The Group will continue to optimize and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

## Environmental, Social and Governance Report (Continued)

Reporting Principles	Interpretation	The Group's Application
Materiality	The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the company and make decisions.	The Group identifies and reports on the Group's material sustainability issues.
Quantitative	The key performance indicators disclosed in the report shall be calculable and comparable where applicable.	Under feasible situation, the Group records, calculates and discloses quantitative information and conducts comparisons with past performance.
Balance	The issuer should objectively and truthfully report its current year ESG performance.	The Group follows the principles of accuracy, objectivity, and fairness to report its achievements and challenges in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, its ESG's key performance indicators can be compared to understand corporate performance.	The Group ensures consistency in preparing the report and manage its ESG data for future comparison.

### Stakeholders' Engagement

We have identified our employees, customers, investors and shareholders, suppliers and business partners and community at large as our key stakeholder groups. In daily business activities, we communicate with different stakeholders through multiple channels as below:

Stakeholders	Concerns	Communication mechanisms
Employees	<ul style="list-style-type: none"> <li>— Providing safe and suitable working environment for staff</li> <li>— Career development</li> <li>— Rights and interests of employees</li> <li>— Remuneration and welfare</li> </ul>	<ul style="list-style-type: none"> <li>— Email</li> <li>— Staff performance evaluation</li> <li>— Staff recreational activities</li> <li>— Staff training</li> </ul>
Customers	<ul style="list-style-type: none"> <li>— Product and service quality</li> <li>— Complying with applicable laws and being responsible for product and service liability</li> <li>— Respecting customer privacy and information security</li> </ul>	<ul style="list-style-type: none"> <li>— Customer service hotline</li> <li>— Email</li> <li>— Business negotiations</li> <li>— Contracts and agreements</li> <li>— Company website</li> <li>— Social media platforms</li> </ul>
Investors and shareholders	<ul style="list-style-type: none"> <li>— Corporate governance</li> <li>— Financial performance</li> <li>— Information disclosure</li> <li>— Protection of investors' and shareholders' interests</li> <li>— Improving operational efficiency to generate stable returns in the long run</li> </ul>	<ul style="list-style-type: none"> <li>— Email</li> <li>— Annual general meetings and other shareholder meetings</li> <li>— Company website</li> <li>— Reports, announcements and other publications</li> </ul>

## Environmental, Social and Governance Report (Continued)

Stakeholders	Concerns	Communication mechanisms
Suppliers and business partners	<ul style="list-style-type: none"> <li>– Complying with applicable laws and eradicating corruption behaviour</li> <li>– Maintaining sound cooperation relationship for mutual growth</li> <li>– Formulating stringent procurement system and controlling risks</li> </ul>	<ul style="list-style-type: none"> <li>– Email</li> <li>– Business negotiations</li> <li>– Contracts and agreements</li> <li>– Company website</li> <li>– Social media platform</li> </ul>
Community	<ul style="list-style-type: none"> <li>– Community development support</li> <li>– Enhancing the environmental protection consciousness of staff and encouraging them to make commitment to the society</li> <li>– Developing innovative products to bring convenience to the society</li> </ul>	<ul style="list-style-type: none"> <li>– Email</li> <li>– Company website</li> <li>– Social media platforms</li> </ul>

### Confirmation and Approval

The information presented in the Report came from the official documents and statistical data of the Group. The Report is confirmed and approved by the Board on 22 June 2021.

### Contact Information

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us by email to [main@doublegain.hk](mailto:main@doublegain.hk).

## A. Environmental Aspects

### Aspect A1: Emissions

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

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

## Environmental, Social and Governance Report (Continued)

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

- (i) dust suppression by use of water;
- (ii) use of low-dust techniques and equipment as required by our customers;
- (iii) inspection and maintenance of all equipment before use for compliance of permitted noise level; and
- (iv) use of machineries that were environmentally friendly.

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

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

Type of Air Pollutants	Air Pollutants Emission	
	2021	2020
	Air Pollutant Emission (kg)	Air Pollutant Emission (kg)
Sulphur Dioxide	1.38	1.44
Nitrogen Oxides	450.58	539.30
Particulate Matter	42.33	49.40

## Environmental, Social and Governance Report (Continued)

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

Type of GHG emissions	GHG Emission	
	2021 Equivalent CO <sub>2</sub> emission (kg)	2020 Equivalent CO <sub>2</sub> emission (kg)
Scope 1 Direct emissions	245,584.63	256,058.61
Scope 2 Indirect emissions	31,851.03	30,747.39
<b>Total</b>	<b>277,435.66</b>	<b>286,806.00</b>
<b>Intensity (kg/revenue HK\$'000)</b>	<b>0.29</b>	<b>0.31</b>

Note:

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

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

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

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

The Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data annually, and evaluate the effectiveness of existing measures to further draw up carbon reduction targets and working plans.

### Aspect A2: Use of Resources

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

#### Electricity

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



## Environmental, Social and Governance Report (Continued)

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

Type of energy	Energy Consumption	
	2021 Energy consumed (kWh)	2020 Energy consumed (kWh)
Unleaded petrol	434,112.13	462,147.77
Diesel	478,147.07	408,902.12
Purchased electricity	62,453.00	60,289.00
<b>Total</b>	<b>974,712.20</b>	<b>931,338.89</b>
<b>Energy intensity (kWh/revenue HK\$'000)</b>	<b>1.02</b>	<b>1.00</b>

### Water

The impact of freshwater use is relatively insignificant for the Group. The consumption of bottled drinking water during the Reporting Period was approximately 45,000 litre. The Group did not encounter any problems in sourcing water that is fit for purpose. Water rate charges do not form a separate item in the rent or even in site, yet the Group encourages staff to reduce water wastage, for example, by not running water taps at all time.

### Paper

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

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

During the Reporting Period, the paper consumption was 1,688 kg (2020: 1,700 kg).

### Hazardous and Non-Hazardous Waste

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

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

### Aspect A3: The Environment and Natural Resources

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

## Environmental, Social and Governance Report (Continued)

### B. Social Aspects

#### Aspect B1: Employment

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

- remuneration and benefits are based on prevailing practices in local market and subject to adjustments based on experiences and qualifications;
- annual discretionary bonuses are adjusted according to economy, annual result of the Group and annual performances, experiences and positions of employees;
- state working hours for office and other employees;
- provide resting period in accordance with applicable laws;
- adopt policies relating to equal opportunities which aim to eliminate discrimination of race, age, sex, family status, religion, pregnancy and disability in workplace; and
- dismissal or voluntary termination of employee's contracts shall be enforced in accordance with the applicable labour laws.

As at the end of the Reporting Period on 31 March 2021, the Group had a total of 289 full time employee based in Hong Kong, the following table shows the employee composition by genders, age group and employee categories:

	Year ended 31 March 2021	
	Number of staff	%
<b>By Gender</b>		
Male	246	85
Female	43	15
<b>Total</b>	<b>289</b>	<b>100</b>
<b>By age group</b>		
30 or below	24	8
31–40	42	14
41–50	62	22
51 or above	161	56
<b>Total</b>	<b>289</b>	<b>100</b>

## Environmental, Social and Governance Report (Continued)

	Year ended 31 March 2021	
	Number of staff	%
<b>By employee category</b>		
Senior Management	10	3
Middle Management	—	—
General	14	5
Contract or short term	265	92
<b>Total</b>	<b>289</b>	<b>100</b>

During the Reporting Period ended 31 March 2021, the table below shows the overall turnover rate of the employee (all based in Hong Kong) by gender and age group. The turnover rate is defined by the categories of employees leaving employment divided by the average number of employees in those specified categories.

	Year ended 31 March 2021 Employee turnover rate (%)
<b>By gender</b>	
Male	82
Female	18
<b>Overall</b>	<b>74</b>
<b>By age group</b>	
30 or below	109
31–40	105
41–50	66
51 or above	63
<b>Overall</b>	<b>74</b>

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

The laws and regulations which are relevant to our business including but not limited to the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

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

## Environmental, Social and Governance Report (Continued)

### Aspect B2: Health and Safety

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

- (i) All members of our direct labour and our subcontractors' labour are required to wear required safety equipment, including safety helmet, which must also meet the safety standard, for entering construction site;
- (ii) The performance of all equipment, devices and tools must be checked for safety before use;
- (iii) All subcontractors must report safety incidents to us;
- (iv) Our staff and our subcontractors' workers entering project sites are required to observe the occupational health and safety measures and our policy. Subcontractors must ensure their workers work safely and care for others;
- (v) We reserve the right to expel worker who violates our safety policy from construction site; and
- (vi) All workers are required to attend site safety briefing sessions and trainings before they commence work on-site. Topics of safety training typically cover safety procedures for performing different types of work.

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

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

- (i) Upon occurrence of a work-related accident, it shall be reported to our on-site foreman and/or project manager. Details of the injury, including the date, time, location, causes, identity of the injured person, shall be gathered by our on-site foreman and/or project manager and shall be properly recorded by our administrative staff.
- (ii) We shall submit notification of the accident to the Commissioner of Labour by filling in the prescribed form in accordance with Employees' Compensation Ordinance within 14 days after we become aware of the accident and the injury, or, in case of a fatal accident, within seven days.
- (iii) All correspondences with the Labour Department shall be provided to the relevant customer and/or the relevant insurer.

The laws and regulations which are relevant to our business including but not limited to Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

During the Reporting Period, there was one work related injury case with 115 lost days due to the injury and there was no death related injuries. There were no non-compliance cases noted in relation to the laws and regulations for health and safety.

## Environmental, Social and Governance Report (Continued)

### Aspect B3: Development and Training

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

The Group had provided training to one male senior staff during the Reporting Period ended 31 March 2021. The total number of training hours was 5 hours.

### Aspect B4: Labour Standards

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

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

### Aspect B5: Supply Chain Management

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

## Environmental, Social and Governance Report (Continued)

### Aspect B6: Product Responsibility

#### Quality control on projects

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

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

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

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

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

#### Data protection

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

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

#### Intellectual properties

The Group owned one domain name in Hong Kong. We were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

## Environmental, Social and Governance Report (Continued)

### Aspect B7: Anti-Corruption

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

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

### Aspect B8: Community Investment

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



# Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. The principal activity of the Group is the provision of building construction services and RMAA Services in Hong Kong.

## Results and Dividends

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 53 of this annual report.

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

## Charitable Donations

During the year, no charitable donations was made by the Group (2020: HK\$1,000,000).

## Plant and Equipment

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

## Business Review

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

## Compliance with Laws and Regulations

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

### Principal Risk and Uncertainties

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

- Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects
- We are reliant on the availability of construction projects from the public and private sectors in Hong Kong
- Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation
- Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

An analysis of the Group's financial risk management (including credit risk and liquidity risk) objectives and policies are provided in note 29 to the consolidated financial statements. Other risks facing the Group are set out in the section headed "Risk Factors" of the listing documents dated 19 December 2019 for Transfer of Listing (the "Listing Documents").

### Key Performance Indicator

	As at/for the year ended	
	31 March	
	2021	2020
Gross profit margin <sup>(1)</sup>	6.4%	8.1%
Net profit margin before interest and tax <sup>(2)</sup>	4.2%	3.6%
Net profit margin <sup>(3)</sup>	3.6%	2.6%
Return on equity <sup>(4)</sup>	15.6%	13.3%
Return on assets <sup>(5)</sup>	11.6%	8.5%
Current ratio <sup>(6)</sup>	3.8 times	2.7 times
Gearing ratio <sup>(7)</sup>	3.3%	4.8%
Interest coverage <sup>(8)</sup>	204.3 times	165.9 times

Notes:

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

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

## Report of the Directors (Continued)

- (3) The net profit margin is calculated by dividing the profit and total comprehensive income by revenue for the respective year multiplied by 100%.
- (4) The return on equity is calculated by dividing the profit and total comprehensive income for the respective year by total equity as at the end of the respective year multiplied by 100%.
- (5) The return on assets is calculated by dividing the profit and total comprehensive income for the respective year by total assets as at the end of the respective year multiplied by 100%.
- (6) The current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the respective year.
- (7) The gearing ratio is calculated by dividing the total debt which represents lease liabilities and bank borrowings by total equity as at the end of the respective year multiplied by 100%.
- (8) The interest coverage is calculated by dividing the profit before interest and tax by finance costs incurred for the respective year.

### Gross profit margin

Our Group's gross profit margin decreased from approximately 8.1% for the year ended 31 March 2020 to approximately 6.4% for the year ended 31 March 2021. Such decrease was mainly due to decrease in gross profit margin of building construction services.

### Net profit margin before interest and tax

Our Group's net profit margin before interest and tax increased from approximately 3.6% for the year ended 31 March 2020 to approximately 4.2% for the year ended 31 March 2021 due to the increase in other income in relation to government subsidies. Excluding such income of approximately HK\$6.4 million the Group's net profit margin before interest and tax for the Year would be approximately 3.5%, which was similar to that for the year ended 31 March 2020.

### Net profit margin

For the year ended 31 March 2021, our Group's net profit margin was approximately 3.6%.

### Return on equity

Our return on equity was approximately 15.6% and 13.3% for the year ended 31 March 2021 and 2020, respectively. This is mainly due to increase in net profit and increase in total equity of approximately HK\$34.1 million, or 18.5% from approximately HK\$184.1 million as at 31 March 2020 to approximately HK\$218.1 million for the Year.

### Return on assets

Our return on assets was increased from approximately 8.5% for the year ended 31 March 2020 to approximately 11.6% for the year ended 31 March 2021. This is mainly due to (i) increase in net profit due to the increase in other income and decrease in income tax expense; and (ii) increase in total assets due to increase in contract assets partially offset by decrease in contract liabilities.

### Current ratio

Our current ratio increased from approximately 2.7 times as at 31 March 2020 to approximately 3.8 times as at 31 March 2021. This is mainly due to the decrease in contract liabilities.

### Gearing ratio

Our gearing ratio was approximately 3.3% and approximately 4.8% as at 31 March 2021 and 2020, respectively. Such decrease was primarily attributable to the decrease in bank borrowings and lease liabilities.

### Interest coverage

Our interest coverage was approximately 204.3 times and approximately 165.9 times for the years ended 31 March 2021 and 2020, respectively.

### Environmental Policies and Performance

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

### Financial Summary

A summary of the published results and of the assets and liabilities of the Group is set out on page 100 of this annual report. The summary does not form part of the audited consolidated financial statements.

### Share Capital

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

### Pre-Emptive Rights

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

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

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

## Report of the Directors (Continued)

### Reserves

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 55 and note 33 to the consolidated financial statements, respectively.

### Distributable Reserves

Retained earnings of the Company may be available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to the shareholders at 31 March 2021 amounted to approximately HK\$91,502,000.

### Segment Information

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

### Relationship with Key Stakeholders

#### Customers

Our customers are substantially the main contractors of construction projects in Hong Kong. For the year ended 31 March 2021, the percentage of our total revenue attributable to our largest customer amounted to approximately 40.6%, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 97.6%.

#### Suppliers

We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. For the year ended 31 March 2021, the percentage of the total cost of services attributable to our largest supplier amounted to approximately 0.6%, while the percentage of the total cost of services attributable to the five largest suppliers combined amounted to approximately 2.0%.

#### Subcontractors

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. For the year ended 31 March 2021, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 7.9%, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 29.4%.

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

### Employees

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

### Directors

During the Year and up to the date of this annual report, the Board’s composition is as follows:

#### Executive Directors

Mr. Tsang Chiu Kwan (*Chairman*)  
Mr. Tsang Man Ping (*Chief Executive Officer*)  
Mr. Lee Alexander Patrick (*resigned on 21 July 2020*)  
Mr. Lau Ka Ho (*appointed 25 February 2021*)

#### Independent non-executive Directors

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

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

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

Accordingly, Mr. Tsang Chiu Kwan, Mr. Lau Ka Ho and Mr. Chen Yeung Tak, will retire from office as Directors at the forthcoming annual general meeting to be held on Wednesday, 18 August 2021, and being eligible, offer themselves for re-election.

### Biographical Details of Directors and Senior Management

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



## Report of the Directors (Continued)

### Directors' Service Contracts

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

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

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

### Independence Confirmation

The Company has received confirmation from each of the independent non-executive Directors regarding his independence in accordance with Rule 3.13 of the Listing Rules and therefore considers each of them to be independent.

### Permitted Indemnity Provision

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

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

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

### Retirement Benefit Scheme

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

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 to the Listing Rules, were as follows:

(i) Long position in the Shares

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

Notes:

1. The letter (L) denotes the person's long interest in our Shares.
2. Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
3. Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

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

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

Save as disclosed above and so far as is known to the Directors, as at 31 March 2021, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 13 of Appendix 16 to the Listing Rules.

## Report of the Directors (Continued)

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

As at 31 March 2021, so far as is known to the Directors, the following persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares or the underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Notes:

- 1 The letter (L) denotes the person's long interest in our Shares.
- 2 Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
- 3 Ms. Leung is the spouse of Mr. Tsang Chiu Kwan and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Chiu Kwan for purposes of the SFO.
- 4 Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.
- 5 Ms. Wong is the spouse of Mr. Tsang Man Ping and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Man Ping for purposes of the SFO.
- 6 Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.
- 7 Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, the Directors are not aware of any person who, as at 31 March 2021, had an interest or short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### Share Option Scheme

The share option scheme of the Company (the “**Share Option Scheme**”) is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was adopted on 23 January 2018 (the “**Adoption**”), amended and modified by the resolutions of the Board on 16 December 2019. As of the date of this annual report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

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

#### (a) Purpose of the Share Option Scheme

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

#### (b) Who may join

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

#### (c) Grant of Option

Our Board shall not offer grant of an option after inside information has come to our Company’s knowledge or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules); (b) the deadline for our Company to publish an announcement of our results for any year, half-year, or quarter-year period under the Listing Rules or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement; or (c) during the period or times in which our Directors are prohibited from dealing in the Shares pursuant to the Listing Rules and its appendices or any corresponding code or securities dealing restrictions adopted by our Company. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

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

## Report of the Directors (Continued)

### (d) Price of Shares

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

### (e) Maximum number of Shares

- (i) Subject to the sub-paragraphs (ii), (iii) and (iv) below, the maximum number of shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other schemes of our Group must not in aggregate exceed 10% of our Shares in issue as at the adoption date (i.e. 23 January 2018) (the "Scheme Mandate Limit") unless approved by our shareholders pursuant to the sub-paragraph (iii) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 372,000,000 Shares in issue on 13 February 2018 (the "GEM Listing Date"), the Scheme Mandate Limit shall be equivalent to 37,200,000 Shares, representing 10% of our Shares in issue as at the GEM Listing Date.
- (ii) Subject to the sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by our shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the shares in issue as at the date of approval of such renewal by our shareholders in general meeting. Upon such renewal, all options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to our shareholders containing such relevant information from time to time as required by the Listing Rules.
- (iii) Subject to the sub-paragraph (iv) below, our Board may seek separate shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the eligible participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our shareholders containing such relevant information from time to time as required by the Listing Rules.
- (iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over our shares or other securities by our Company must not, in aggregate, exceed 30% of the shares in issue from time to time. Notwithstanding anything contrary to the terms of the Share Option Scheme, no options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in the said 30% limit being exceeded.

### (f) Time of exercise of Option

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during the period within which the option must be exercised shall be determined by our Board to each Grantee which our Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of the grant of option. Our Board may at its discretion when offering the grant of an option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Share Option Scheme as it may think fit.

### Directors' Interests in Transactions, Arrangements or Contracts

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

### Competing Interest

For the year ended 31 March 2021, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 16 December 2019 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders" of the Listing Documents.

### Related Party Transactions

Details of the related party transactions entered into by the Group are set out in note 31 to the consolidated financial statements. Such related party transactions are continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### Connected Transaction and Continuing Connected Transaction

During the year, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

### Management Contracts

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

### Sufficiency of Public Float

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



## Report of the Directors (Continued)

### Events After the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2021 and up to the date of this annual report.

### Auditor

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

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

### Closure of Register of Members

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 18 August 2021, the register of members of the Company will be closed from 13 August 2021 to 18 August 2021 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 12 August 2021.

### Corporate Governance

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

### Review by Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2021 have been reviewed by the audit committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable financial reporting standards, Listing Rules, and that adequate disclosures have been made.

On behalf of the Board

**Tsang Chiu Kwan**

*Chairman and Executive Director*

Hong Kong, 22 June 2021

# Deloitte.

# 德勤

TO THE SHAREHOLDERS OF GAIN PLUS HOLDINGS LIMITED

德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

## Opinion

We have audited the consolidated financial statements of Gain Plus Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 53 to 99, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

## Independent Auditor's Report (Continued)

### 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 matter

#### How our audit addressed the key audit matter

##### *Recognition of revenue from construction contracts*

We identified the recognition of revenue from construction contracts as a key audit matter due to the significance of the Group's revenue in the context of the Group's consolidated financial statements as a whole and management estimations are required in determining the progress towards complete satisfaction of the performance obligation and the amount of contract revenue recognised.

As set out in note 4 to the consolidated financial statements, the management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works. The Group recognised revenue of HK\$951,249,000 from these contracts for the year ended 31 March 2021 as shown in the consolidated statement of profit or loss and other comprehensive income.

The accounting policy and the details of the related revenue recognition are set out in notes 3 and 5 to the consolidated financial statements, respectively.

Our procedures in relation to recognition of revenue from construction contracts included:

- Testing controls relevant to our audit on revenue recognition;
- Verifying the amount of revenue recognised by checking to contracts and work progress reports;
- Verifying the reasonableness of the contract revenue by checking to the latest payment certificates issued by the customers before year end date, on a sample basis;
- Visiting selected construction sites, on a sample basis, to observe the existence of the construction work and interview the site project managers for the progress of the construction work; and
- Assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of construction contracts, on a sample basis.

### 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 HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

## Independent Auditor's Report (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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, actions taken to eliminate threats or safeguards applied.

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

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
22 June 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	5	951,249	932,763
Cost of services		(890,718)	(857,596)
Gross profit		60,531	75,167
Other income, other gains and losses	7	6,810	870
Impairment losses under expected credit loss model, net of reversal	8	(3,362)	(1,456)
Administrative expenses		(24,131)	(22,534)
Listing expenses		—	(18,541)
Finance costs	9	(195)	(202)
Profit before taxation		39,653	33,304
Income tax expense	10	(5,581)	(8,805)
Profit and total comprehensive income for the year attributable to owners of the Company	11	34,072	24,499
Earnings per share	14		
Basic (HK cents)		9.16	6.59



# Consolidated Statement of Financial Position

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Plant and equipment	15	1,628	2,682
Right-of-use assets	16	—	533
Deposits for acquisition of plant and equipment		60	—
Deferred tax assets	23	1,085	407
		<b>2,773</b>	3,622
Current assets			
Trade and other receivables	17	93,443	93,125
Contract assets	18	135,713	117,385
Tax recoverable		205	—
Bank balances	19	61,838	73,422
		<b>291,199</b>	283,932
Current liabilities			
Trade and other payables	20	68,463	65,298
Tax payable		—	3,127
Bank borrowings	21	7,025	7,945
Contract liabilities	22	121	26,180
Lease liabilities	24	208	706
		<b>75,817</b>	103,256
Net current assets		<b>215,382</b>	180,676
Total assets less current liabilities		<b>218,155</b>	184,298
Non-current liability			
Lease liabilities	24	24	239
Net assets		<b>218,131</b>	184,059
Capital and reserves			
Share capital	25	3,720	3,720
Reserves		214,411	180,339
Total equity		<b>218,131</b>	184,059

The consolidated financial statements on pages 53 to 99 were approved and authorised for issue by the board of directors on 22 June 2021 and are signed on its behalf by:

**Tsang Chiu Kwan**  
Director

**Lau Ka Ho**  
Director

# Consolidated Statement of Changes In Equity

For the year ended 31 March 2021

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (note a)	Other reserve HK\$'000 (note b)	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2019	3,720	132,532	(48,883)	(3,337)	75,528	159,560
Profit and total comprehensive income for the year	—	—	—	—	24,499	24,499
At 31 March 2020	<b>3,720</b>	<b>132,532</b>	<b>(48,883)</b>	<b>(3,337)</b>	<b>100,027</b>	<b>184,059</b>
Profit and total comprehensive income for the year	—	—	—	—	<b>34,072</b>	<b>34,072</b>
At 31 March 2021	<b>3,720</b>	<b>132,532</b>	<b>(48,883)</b>	<b>(3,337)</b>	<b>134,099</b>	<b>218,131</b>

Notes:

- (a) The capital reserve represents the difference between the nominal value of share capital of Nation Max Holdings Limited ("Nation Max") and Double Gain Engineering Limited ("Double Gain") upon insertion of Nation Max between Double Gain and its then shareholders as part of the group reorganisation on 23 January 2019.
- (b) Other reserve brought forward from prior year represents the differences between the principal amount of amounts due from Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, both being the shareholders of the Company, and present value of estimated future cash flows discounted at the original effective interest rate, and the differences are recognised directly in equity as deemed distributions.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK\$'000	2020 HK\$'000
Operating activities		
Profit before taxation	39,653	33,304
Adjustments for:		
Depreciation of right-of-use assets	533	986
Depreciation of plant and equipment	1,124	996
Interest income	(69)	(336)
Impairment losses under expected credit loss model, net of reversal	3,362	1,456
Finance costs	195	202
Gain on disposal of plant and equipment	(66)	(332)
Operating cash flows before movements in working capital	44,732	36,276
(Increase) decrease in trade and other receivables	(347)	6,170
Increase in contract assets	(31,968)	(38,487)
Increase (decrease) in trade and other payables	3,165	(1,764)
Decrease in contract liabilities	(15,752)	(11,603)
Cash used in operations	(170)	(9,408)
Income tax paid	(9,591)	(8,652)
Net cash used in operating activities	(9,761)	(18,060)
Investing activities		
Proceeds from disposal of plant and equipment	77	332
Interest received	69	336
Purchases of plant and equipment	(81)	(1,896)
Deposits paid for acquisition of plant and equipment	(60)	—
Net cash from (used in) investing activities	5	(1,228)
Financing activities		
New bank borrowings raised	7,656	8,651
Repayments of bank borrowings	(8,576)	(6,734)
Repayments of lease liabilities	(713)	(858)
Interest paid on bank borrowings	(176)	(149)
Interest paid on lease liabilities	(19)	(53)
Net cash (used in) from financing activities	(1,828)	857
Net decrease in cash and cash equivalents	(11,584)	(18,431)
Cash and cash equivalents at the beginning of the year	73,422	91,853
Cash and cash equivalents at the end of the year	61,838	73,422

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 1. General information

Gain Plus Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 4 July 2017 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 13 February 2018. On 30 December 2019, the listing of the shares of the Company has been transferred from the GEM to the Main Board of the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” in the annual report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of building construction services and repair, maintenance, addition and alteration services (“RMAA Services”). The Company and its subsidiaries are hereafter collectively referred to as the “Group”.

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

## 2. Application of New And Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs” in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 2. Application of New And Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

#### Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

##### Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

#### New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 2. Application of New And Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

#### **Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”**

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group’s liabilities.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

#### 3.1 Basis of preparation of consolidated financial statements

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

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis 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 of goods and services.

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

#### 3.2 Significant accounting policies

##### Basis of consolidation

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

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

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

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

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

## 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

### 3.2 Significant accounting policies (Continued)

#### Basis of consolidation (Continued)

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

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

#### Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Revenue from contracts with customers (Continued)

*Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Continued)*

##### Output method

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

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

##### *Variable consideration*

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

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

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

##### **Leases**

##### *Definition of a lease*

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

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

##### *The Group as a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

## 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

### 3.2 Significant accounting policies (Continued)

#### Leases (Continued)

*The Group as a lessee (Continued)*

#### Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use assets are transferred to plant and equipment.

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

#### Refundable rental deposits

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

#### Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Leases (Continued)

*The Group as a lessee (Continued)*

##### Lease liabilities (Continued)

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

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

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

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

##### Lease modifications

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred as the Group does not have any qualifying assets.

##### Government grants

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

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

##### Retirement benefit costs

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

##### Short-term employee benefits

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

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

##### Taxation

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

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

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

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.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Taxation (Continued)

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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax are recognised in profit or loss.

##### Plant and equipment

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

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

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

##### Impairment on plant and equipment and right-of-use assets

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Impairment on plant and equipment and right-of-use assets (Continued)

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

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 CGU) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

##### *Financial assets*

##### Classification and subsequent measurement of financial assets

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.

## 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

### 3.2 Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### Classification and subsequent measurement of financial assets (Continued)

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

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

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

#### 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.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### *Financial assets (Continued)*

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

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables and bank balance), and other item (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these 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, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

## 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

### 3.2 Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

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

(i) Significant increase in credit risk (Continued)

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

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

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

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

(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.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

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

##### (iii) Credit-impaired financial assets

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

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

##### (iv) Write-off policy

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

##### (v) Measurement and recognition of ECL

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

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

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

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



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### *Financial liabilities and equity instruments*

##### Classification as debt or equity

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

##### Equity instruments

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

##### Financial liabilities

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

##### *Derecognition*

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

On derecognition of a financial asset 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.

### 4. Key Sources of Estimation Uncertainty

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 4. Key Sources of Estimation Uncertainty (Continued)

#### Measurement of value of construction works

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

#### Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually and the estimated loss rates are determined based on internal credit ratings, past due status and repayment history of respective trade receivables and contract assets taking into consideration forward-looking information that is reasonable and supportable, that is available without undue cost or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 29, 17 and 18 respectively.

### 5. Revenue

#### (i) Disaggregation of revenue from contracts with customers

	2021 HK\$'000	2020 HK\$'000
<b>Types of services</b>		
Provision of building construction services	98,800	216,779
Provision of RMAA Services	852,449	715,984
Total	951,249	932,763
<b>Timing of revenue recognition</b>		
Over time	951,249	932,763

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 5. Revenue (Continued)

#### (ii) Performance obligations for contracts with customers

##### Construction services

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

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work as agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group obtained the certification of the completed construction work from the customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 3 months to 2 years (2020: 3 months to 2 years) from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of building construction services and RMAA Services as at 31 March 2021 amounting to HK\$54,141,000 and HK\$1,116,927,000 (2020: HK\$81,776,000 and HK\$1,921,212,000), respectively. Management expects that all the remaining performance obligations will be recognised as revenue over 1 to 2 years (2020: 1 to 3 years) from the end of the reporting period.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 6. Segment Information

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

The Group's revenue from external customers was derived solely from its operations in Hong Kong during both years, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2021 and 2020.

#### Information about major customers

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

	2021 HK\$'000	2020 HK\$'000
Customer A	385,735	413,131
Customer B	322,069	266,291
Customer C	97,234	107,642
Customer D	96,501	N/A <sup>#</sup>

<sup>#</sup> Revenue from the customer is less than 10% of the total revenue of the Group.

### 7. Other Income, Other Gains and Losses

	2021 HK\$'000	2020 HK\$'000
Other income:		
Subsidies from Employment Support Scheme	6,434	—
Handling income	81	66
Bank interest income	69	336
	6,584	402
Other gains and losses:		
Gain on disposal of plant and equipment	66	332
Others	160	136
	226	468
Total other income, other gains and losses	6,810	870

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 8. Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	2021 HK\$'000	2020 HK\$'000
Impairment losses recognised on:		
— Trade receivables	29	482
— Contract assets	3,333	974
	<b>3,362</b>	<b>1,456</b>

Details of impairment assessment for the year ended 31 March 2021 are set out in note 29.

### 9. Finance Costs

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	176	149
Interest on lease liabilities	19	53
	<b>195</b>	<b>202</b>

### 10. Income Tax Expense

	2021 HK\$'000	2020 HK\$'000
The income tax expense comprises:		
Hong Kong Profits Tax:		
— Current tax	6,259	8,937
— Deferred tax (note 23)	(678)	(132)
	<b>5,581</b>	<b>8,805</b>

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 10. Income Tax Expense (Continued)

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

	2021 HK\$'000	2020 HK\$'000
Profit before taxation	39,653	33,304
Income tax expense at Hong Kong Profits Tax rate of 16.5%	6,543	5,495
Tax effect of income not taxable for tax purpose	(1,110)	(110)
Tax effect of expenses not deductible for tax purpose	323	3,605
Income tax at concessionary rate	(165)	(165)
Others	(10)	(20)
Income tax expense	5,581	8,805

### 11. Profit for the Year

	2021 HK\$'000	2020 HK\$'000
Profit for the year is arrived at after charging:		
Staff costs		
Gross staff costs (including directors' emoluments)	73,573	84,575
Directors' emoluments (see note 13)	14,354	10,347
Auditor's remuneration	930	1,050
Depreciation of plant and equipment	1,124	996
Depreciation of right-of-use assets	533	986

### 12. Dividends

No dividend was declared, proposed or paid for ordinary shareholders of the Company during both years and since the end of the reporting period.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

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

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

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

Year ended 31 March 2021					
Name of director	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Tsang Chiu Kwan	—	2,039	5,000	18	7,057
Mr. Tsang Man Ping (Chief executive officer)	—	1,696	5,000	18	6,714
Mr. Lee Alexander Patrick (Note 1)	—	40	—	2	42
Mr. Lau Ka Ho (Note 2)	—	35	—	2	37
Subtotal	—	3,810	10,000	40	13,850

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

Year ended 31 March 2021					
Name of director	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Independent non-executive directors:</b>					
Mr. So Chun Man	168	—	—	—	168
Mr. Chen Yeung Tak	168	—	—	—	168
Ms. Li Amanda Ching Man	168	—	—	—	168
Subtotal	504	—	—	—	504
Total	504	3,810	10,000	40	14,354

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



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

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

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

Name of director	Year ended 31 March 2020				Total HK\$'000
	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>Executive directors:</b>					
Mr. Tsang Chiu Kwan	—	1,257	3,500	18	4,775
Mr. Tsang Man Ping (Chief executive officer)	—	1,216	3,000	18	4,234
Mr. Lee Alexander Patrick	—	600	—	18	618
Subtotal	—	3,073	6,500	54	9,627

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

Name of director	Year ended 31 March 2020				Total HK\$'000
	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>Independent non-executive directors:</b>					
Mr. So Chun Man	240	—	—	—	240
Mr. Chen Yeung Tak	240	—	—	—	240
Ms. Li Amanda Ching Man	240	—	—	—	240
Subtotal	720	—	—	—	720
Total	720	3,073	6,500	54	10,347

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

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

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

Notes:

1. Lee Alexander Patrick ceased as director on 21 July 2020.
2. Lau Ka Ho was appointed as director on 25 February 2021.

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

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

#### (b) Employees' emoluments

The five highest paid individuals of the Group during the year ended 31 March 2021 include two (2020: three) directors, details of whose emoluments are set out above. Details of the remaining three (2020: two) highest paid individuals for the year ended 31 March 2021 are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other allowances	1,728	1,368
Discretionary bonus	1,200	600
Retirement benefit scheme contributions	54	36
	<b>2,982</b>	<b>2,004</b>

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

	2021 No. of individuals	2020 No. of individuals
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	1	1

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 14. Earnings per Share

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

	2021 HK\$'000	2020 HK\$'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	34,072	24,499

  

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	372,000	372,000

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 15. Plant and Equipment

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>					
At 1 April 2019	185	1,112	593	3,543	5,433
Additions	—	160	19	1,804	1,983
Disposals	—	—	—	(816)	(816)
At 31 March 2020	185	1,272	612	4,531	6,600
Additions	3	—	—	78	81
Disposals	—	—	—	(255)	(255)
At 31 March 2021	188	1,272	612	4,354	6,426
<b>DEPRECIATION</b>					
At 1 April 2019	179	204	318	3,037	3,738
Provided for the year	6	241	123	626	996
Eliminated on disposals	—	—	—	(816)	(816)
At 31 March 2020	185	445	441	2,847	3,918
Provided for the year	2	255	114	753	1,124
Eliminated on disposals	—	—	—	(244)	(244)
At 31 March 2021	187	700	555	3,356	4,798
<b>CARRYING VALUES</b>					
At 31 March 2021	1	572	57	998	1,628
At 31 March 2020	—	827	171	1,684	2,682

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 15. Plant and Equipment (Continued)

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

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

### 16. Right-of-Use Assets

	Motor vehicles HK\$'000	Leased property HK\$'000	Total HK\$'000
<b>As at 31 March 2021</b>			
Carrying amount	—	—	—
<b>As at 31 March 2020</b>			
Carrying amount	242	291	533
<b>For the year ended 31 March 2021</b>			
Depreciation charge	242	291	533
<b>For the year ended 31 March 2020</b>			
Depreciation charge	695	291	986
		<b>2021</b> HK\$'000	<b>2020</b> HK\$'000
Total cash outflow for leases		<b>732</b>	911

For both years, the Group leases office and motor vehicles for its operations. Lease contract for office is entered into for fixed term of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 17. Trade and Other Receivables

	2021 HK\$'000	2020 HK\$'000
Trade receivables	50,161	60,966
Less: Allowance for credit losses	(1,541)	(1,512)
	<b>48,620</b>	59,454
Prepayments to subcontractors	38,759	27,605
Other receivables and prepayments (note)	6,064	6,066
Total trade and other receivables	<b>93,443</b>	93,125

As at 1 April 2019, trade receivables from contracts with customers amounted to HK\$81,223,000.

Note: As at 31 March 2021, included in other receivables and prepayment mainly represent the surety bond paid to a main contractor amounting to HK\$5,100,000 (2020: HK\$5,100,000).

#### Trade receivables

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

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

	2021 HK\$'000	2020 HK\$'000
1-30 days	31,702	34,464
31-60 days	16,180	24,115
61-90 days	1,311	—
Over 90 days	968	2,387
	<b>50,161</b>	60,966
Less: Allowance for credit losses	(1,541)	(1,512)
	<b>48,620</b>	59,454



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 17. Trade and Other Receivables (Continued)

#### Trade receivables (Continued)

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$17,844,000 (2020: HK\$25,788,000) which are past due as at the reporting date. Out of the past due balances, HK\$873,000 (2020: HK\$1,940,000) has been past due 90 days or more and is not considered as in default since the Group is still engaging with those corresponding debtors in active projects or the Group considers good cooperation relationships with these debtors exist and with good repayment record. The Group does not hold any collateral over these balances.

Details of impairment assessment are set out in note 29.

### 18. Contract Assets

	2021 HK\$'000	2020 HK\$'000
Analysed as current:		
Retention receivables of construction contracts (note a)	7,738	3,931
Unbilled revenue of construction contracts (note b)	133,590	115,736
	141,328	119,667
Less: Allowance for credit losses	(5,615)	(2,282)
	135,713	117,385

As at 1 April 2019, contract assets amounted to HK\$87,196,000.

Notes:

- (a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. As at 31 March 2021, the due dates for retention receivables are one to two years (2020: one to two years) after the completion of construction work.
- (b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

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

Details of the impairment assessment are set out in note 29.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 19. Bank Balances

As at 31 March 2021, bank balances carried interest at prevailing market interest rates which were ranging from 0.05% to 1.45% (2020: 0.03% to 0.11%) per annum.

### 20. Trade and Other Payables

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

	2021 HK\$'000	2020 HK\$'000
Trade payables	55,930	49,592
Retention payables	5,860	8,193
Accruals	6,673	7,513
Total trade and other payables	68,463	65,298

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

	2021 HK\$'000	2020 HK\$'000
1-30 days	36,574	26,130
31-60 days	3,122	6,112
61-90 days	3,757	1,602
Over 90 days	12,477	15,748
	55,930	49,592

Retention payables represent the retention money withheld from the amounts payable for work performed by the subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% portion is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 2 years from the date of the completion of respective project. The amount is unsecured, interest-free and repayable at the end of the defective liability period of respective contract. As at 31 March 2021, all the retention payables were aged within one to two years (2020: aged within one to two years).

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 21. Bank Borrowings

	2021 HK\$'000	2020 HK\$'000
The carrying amounts of bank borrowings that are repayable:		
Within one year	7,025	7,945

At 31 March 2021, bank borrowings are unsecured variable-rate borrowings which carry interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") +3-4% per annum (2020: HIBOR +4% per annum).

### 22. Contract Liabilities

	2021 HK\$'000	2020 HK\$'000
Advances from customers of construction contracts	121	26,180

As at 1 April 2019, contract liabilities amounted to HK\$45,107,000.

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

Revenue from construction contracts recognised during the year ended 31 March 2021 that was included in the contract liabilities at the beginning of the year was HK\$26,059,000 (2020: HK\$44,673,000).

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

#### Construction contracts

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 23. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset. The followings are the deferred tax assets and liabilities recognised by the Group and movements thereon during each reporting period:

	Impairment on trade receivables and contract assets HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2019	498	(223)	275
Credit to profit or loss (note 10)	128	4	132
At 31 March 2020	626	(219)	407
Credit to profit or loss (note 10)	555	123	678
At 31 March 2021	1,181	(96)	1,085

### 24. Lease Liabilities

	2021 HK\$'000	2020 HK\$'000
Lease liabilities payable:		
Within one year	208	706
Within a period of more than one year but not more than two years	24	206
Within a period of more than two years but not more than five years	—	33
	232	945
Less: Amount due for settlement with 12 months shown under current liabilities	(208)	(706)
Amount due for settlement after 12 months shown under non-current liabilities	24	239

The weighted average incremental borrowing rates applied to lease liabilities range from 1.75% to 1.80% (2020: from 1.75% to 5.13%).

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 25. Share Capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2019 and 31 March 2020 and 2021	780,000,000	7,800
Issued and fully paid:		
At 1 April 2019 and 31 March 2020 and 2021	372,000,000	3,720

### 26. Retirement Benefit Plans

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

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss for the year ended 31 March 2021 is HK\$2,090,000 (2020: HK\$2,644,000), which represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

### 27. Capital Commitments

	2021 HK\$'000	2020 HK\$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	1,644	—

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

## 28. Capital Risk Management

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

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities, net of cash and cash equivalents and equity comprising issued share capital and reserves.

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

## 29. Financial Instruments

### Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Amortised cost	116,185	138,616
Financial liabilities		
Amortised cost	68,815	65,730

### Financial risk management objectives and policies

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



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

## 29. Financial Instruments (Continued)

### Financial risk management objectives and policies (Continued)

#### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 24 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 21 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The directors of the Company consider that the exposure of cash from interest rate risk arising from variable-rate bank borrowings is insignificant.

#### Credit risk and impairment assessment

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

#### *Trade receivables and contract assets arising from contracts with customers*

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

The Group is exposed to concentration of credit risk as at 31 March 2021 on trade receivables and contract assets (2020: trade receivables and contract assets) from the Group's three major customers amounting to HK\$149,839,000 (2020: HK\$125,940,000) and accounted for 81% (2020: 71%) of the Group's total trade receivables and contract assets. In the opinion of the management of the Group, the major customers of the Group are certain reputable organisations in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard.

#### *Other receivables*

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 29. Financial Instruments (Continued)

#### Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment (Continued)

###### Bank balances

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 29. Financial Instruments (Continued)

#### Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment (Continued)

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2021 HK\$'000	2020 HK\$'000
<b>Financial assets at amortised cost</b>						
Trade receivables	17	N/A	(Note)	Lifetime ECL (not credit-impaired)	<b>50,161</b>	60,966
Other receivables	17	N/A	Low risk	12m ECL (not credit-impaired)	<b>5,727</b>	5,740
Bank balances	19	Aa3/A1 (2020: Aa3/A1)	N/A	12m ECL (not credit-impaired)	<b>61,838</b>	73,422
<b>Other item:</b>						
Contract assets	18	N/A	(Note)	Lifetime ECL (not credit-impaired)	<b>141,328</b>	119,667

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

##### Gross carrying amount

Internal credit rating	2021		2020	
	Trade receivables HK\$'000	Contract assets HK\$'000	Trade receivables HK\$'000	Contract assets HK\$'000
Low risk	550	2,088	9,270	28,188
Watch list	48,643	139,053	46,675	91,365
Doubtful	968	187	5,021	114
	<b>50,161</b>	<b>141,328</b>	60,966	119,667

The estimated loss rates are determined based on internal credit ratings, past due status and repayment history of respective trade receivables and contract assets taking into consideration forward-looking information that is reasonable and supportable, that is available without undue cost or effort. Management performs review regularly to ensure relevant information about specific debtors is updated. During the year ended 31 March 2021, the expected credit loss rates for trade receivables and contract assets are ranging from 0.13% to 9.81% (2020: 0.12% to 7.09%).

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 29. Financial Instruments (Continued)

#### Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment (Continued)

##### Gross carrying amount (Continued)

During the year ended 31 March 2021, the Group provided HK\$29,000 (2020: HK\$482,000) and provided HK\$3,333,000 (2020: HK\$974,000) impairment allowance for trade receivables and contract assets respectively.

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

	Trade receivables (not credit- impaired) HK\$'000	Trade receivables (credit- impaired) HK\$'000	Contract assets (not credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2019	1,712	—	1,308	3,020
Impairment loss recognised	1,291	682	2,282	4,255
Impairment loss reversed	(1,491)	—	(1,308)	(2,799)
Write-offs	—	(682)	—	(682)
At 31 March 2020	1,512	—	2,282	3,794
Impairment loss recognised	1,538	—	5,107	6,645
Impairment loss reversed	(1,509)	—	(1,774)	(3,283)
At 31 March 2021	1,541	—	5,615	7,156

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

##### Liquidity risk

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 29. Financial Instruments (Continued)

#### Financial risk management objectives and policies (Continued)

##### Liquidity risk (Continued)

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

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

	Weighted average interest rate %	On demand or less than 1 year HK\$'000	1–5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade and retention payables	—	60,067	1,723	61,790	61,790
Bank borrowings	3.14	7,136	—	7,136	7,025
		67,203	1,723	68,926	68,815
Lease liabilities	1.77	210	23	233	232
<b>At 31 March 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and retention payables	—	55,485	2,300	57,785	57,785
Bank borrowings	5.16	8,152	—	8,152	7,945
		63,637	2,300	65,937	65,730
Lease liabilities	2.83	725	241	966	945

#### Fair value measurements of financial instruments

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

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 30. Reconciliation of Liabilities Arising from Financing Activities

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

	<b>Bank borrowings</b>	<b>Lease liabilities</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
	(Note 21)	(Note 24)	
At 1 April 2019	6,028	1,803	7,831
Interest accrued	149	53	202
Financing cash flows	1,768	(911)	857
At 31 March 2020	7,945	945	8,890
Interest accrued	176	19	195
Financing cash flows	(1,096)	(732)	(1,828)
At 31 March 2021	7,025	232	7,257

### 31. Related Party Transactions

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

#### (i) Transactions

	<b>2021</b>	<b>2020</b>
	HK\$'000	HK\$'000
Purchases of materials from: Victor Link Trading Limited (note)	<b>324</b>	178

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 31. Related Party Transactions (Continued)

#### (ii) Compensation of key management personnel

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

	2021 HK\$'000	2020 HK\$'000
Fee	504	720
Salaries and other allowances	16,006	11,610
Retirement benefit scheme contributions	79	93
	<b>16,589</b>	<b>12,423</b>

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

### 32. Particular of Subsidiaries

At 31 March 2021, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Kind of legal entity	Issued and fully paid capital	Equity interest attributable to the Company as at 31 March		Principal activities
				2021	2020	
<i>Directly held</i>						
Nation Max	BVI/Hong Kong	Limited liability company	United States dollars 10,000	100%	100%	Investment holding
<i>Indirectly held</i>						
Double Gain	Hong Kong	Limited liability company	HK\$20,010,000	100%	100%	Provision of building construction services and RMAA Services

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



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

### 33. Statement of Financial Position and Reserves of the Company

	2021 HK\$'000	2020 HK\$'000
Non-current asset		
Investment in a subsidiary	68,893	68,893
Current assets		
Prepayments	129	129
Amounts due from subsidiaries (Note)	10,014	6,745
Bank balances	16,780	21,723
	26,923	28,597
Current liability		
Accruals	594	642
Net current assets	26,329	27,955
Net assets	95,222	96,848
Capital and reserves		
Share capital	3,720	3,720
Reserves	91,502	93,128
Total equity	95,222	96,848

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

Movement of the reserves of the Company is as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	132,532	(17,906)	114,626
Loss and total comprehensive expenses for the year	—	(21,498)	(21,498)
At 31 March 2020	132,532	(39,404)	93,128
Loss and total comprehensive expenses for the year	—	(1,626)	(1,626)
At 31 March 2021	132,532	(41,030)	91,502

# Financial Summary

## Results

	For the year ended 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	951,249	932,763	878,762	527,114	430,524
Profit for the year attributable to owners of the Company	34,072	24,499	38,268	9,678	27,992

## Assets and Liabilities

	At 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total assets	293,972	287,554	281,820	235,932	106,224
Total liabilities	(75,841)	(103,495)	(122,260)	(112,707)	(61,617)
Total equity	218,131	184,059	159,560	123,225	44,607

The results for the year ended 31 March 2017 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, as the time when the Company's shares were listed on GEM, had been in existence throughout the year concerned. The figures for the year ended 31 March 2017 have been extracted from the GEM Prospectus.