The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] ***[Draft]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GC CONSTRUCTION HOLDINGS LIMITED (FORMERLY KNOWN AS CHAN KIU ENGINEERING HOLDINGS LIMITED) AND GRANDE CAPITAL LIMITED

Introduction

We report on the historical financial information of GC Construction Holdings Limited (formerly known as Chan Kiu Engineering Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[64], which comprises the consolidated statements of financial position as at 31 March 2019, 2020, 2021 and 2022, the company statement of financial position as at 31 March 2021 and 31 March 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 March 2019, 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[64] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 March 2021 and 2022 and the consolidated financial position of the Group as at 31 March 2019, 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[REDACTED]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March			
		2019	2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	5	447,920	513,154	440,369	456,432
Cost of services	7	(416,409)	(467,153)	(386,447)	(398,744)
Gross profit		31,511	46,001	53,922	57,688
Other income	6	85	208	19,628	592
Administrative expenses	7	(12,229)	(14,041)	(11,197)	(12,087)
[REDACTED] expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
(Impairment losses)/reversal of impairment loss on trade receivables and contract assets	3.1(a)	(146)	(220)	(216)	360
Operating profit		19,221	31,948	53,599	38,911
Finance income	10	40	127	34	1
Finance costs	10	(704)	(1,402)	(843)	(140)
Finance costs, net		(664)	(1,275)	(809)	(139)
Profit before income tax expense		18,557	30,673	52,790	38,772
Income tax expense	11	(2,867)	(4,863)	(6,751)	(7,478)
Profit and total comprehensive income for the year attributable to owners of the Company		15,690	25,810	46,039	31,294
Earnings per share attributable to owners of the Company					
Basic and diluted (expressed in HK$ per share)	12	0.40	0.66	1.18	0.81

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			
		2019	**2020**	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Plant and equipment	14	1,060	933	1,658	1,702
Right-of-use assets	15	1,790	1,060	328	820
Deposits	18	217	187	–	173
		3,067	2,180	1,986	2,695
Current assets					
Trade receivables	18	39,002	52,398	35,915	27,183
Contract assets	19	76,956	102,469	117,305	130,272
Other receivables, deposits and prepayments	18	3,673	4,183	7,741	11,039
Amount due from immediate holding company	25(d)	–	–	431	437
Tax recoverable		9,437	4,526	–	–
Pledged short-term bank deposits	20	5,040	5,140	5,174	–
Cash and cash equivalents	20	27,249	6,818	18,697	27,546
		161,357	175,534	185,263	196,477
Total assets		164,424	177,714	187,249	199,172
EQUITY					
Equity attributable to owners of the Company					
Share capital	21	–	–	390	390
Capital reserve	21	–*	–*	–*	–*
Reserves		40,173	64,733	110,772	142,066
Total equity		40,173	64,733	111,162	142,456

* The amount is below HK$1,000.

		As at 31 March			
		2019	**2020**	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES					
Non-current liabilities					
Lease liabilities	15	1,154	394	–	353
Deferred tax liabilities	16	117	98	176	174
		1,271	492	176	527
Current liabilities					
Trade payables	22	26,592	16,858	25,183	28,707
Accruals and other payables	22	19,607	18,929	21,207	14,656
Amount due to a director	25(e)	27,870	22,956	15,341	10,741
Contract liabilities	19	17,977	15,861	1,804	887
Lease liabilities	15	706	760	385	510
Bank borrowings	23	30,228	37,125	2,628	–
Current income tax liabilities		–	–	9,363	688
		122,980	112,489	75,911	56,189
Total liabilities		124,251	112,981	76,087	56,716
Total equity and liabilities		164,424	177,714	187,249	199,172

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 March 2021** *HK$'000*	**As at 31 March 2022** *HK$'000*
ASSETS			
Non-current assets			
Investments in subsidiaries *(Note)*		101,592	101,592
Current assets			
Prepayments	18	2,997	6,448
Amount due from immediate holding company	25(d)	390	390
Cash and cash equivalents		–	4
		3,387	6,842
Total assets		104,979	108,434
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	390	390
Capital reserve	21	101,592	101,592
Accumulated losses	21	(8,538)	(16,182)
Total equity		93,444	85,800
LIABILITIES			
Current liabilities			
Accruals	22	3,081	4,852
Amount due to a subsidiary	25(f)	8,454	17,782
Total liabilities		11,535	22,634
Total equity and liabilities		104,979	108,434

Note: The investments in subsidiaries represent the carrying values of the net assets of the **[REDACTED]** Business attributable to owners of the Company transferred to the Company upon the completion of the Reorganisation (Note 1.2).

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company		
		Share capital *(Note 21)*	**Retained earnings**	**Total**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2018		–	30,483	30,483
Profit and total comprehensive income for the year		–	15,690	15,690
Dividend	13	–	(6,000)	(6,000)
Balance at 31 March 2019		–	40,173	40,173
Balance at 1 April 2019		–	40,173	40,173
Profit and total comprehensive income for the year		–	25,810	25,810
Dividend	13	–	(1,250)	(1,250)
Balance at 31 March 2020		–	64,733	64,733
Balance at 1 April 2020		–	64,733	64,733
Issuance of shares of the Company	21	390	–	390
Profit and total comprehensive income for the year		–	46,039	46,039
Balance at 31 March 2021		390	110,772	111,162
Balance at 1 April 2021		390	110,772	111,162
Profit and total comprehensive income for the year		–	31,294	31,294
Balance at 31 March 2022		390	142,066	142,456

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 March			
		2019	2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
Cash (used in)/generated from operations	24(a)	(25,368)	(18,780)	51,672	30,508
Income tax (paid)/refunded, net		(23,775)	29	7,216	(16,155)
Net cash (used in)/generated from operating activities		(49,143)	(18,751)	58,888	14,353
Cash flows from investing activities					
Purchase of plant and equipment	14	(502)	(332)	(1,286)	(868)
Proceeds from disposal of plant and equipment		–	–	5	–
Advance to immediate holding company		–	–	(41)	(6)
Finance income received		40	127	34	1
Net cash used in investing activities		(462)	(205)	(1,288)	(873)
Cash flows from financing activities					
Proceeds from bank borrowings	24(c)	64,200	75,000	42,000	–
Repayments of bank borrowings	24(c)	(37,671)	(80,529)	(63,000)	–
(Increase)/decrease in pledged short-term bank deposits	24(c)	(5,040)	(100)	(34)	5,174
Dividends paid	13	(6,000)	(1,250)	–	–
Payments for principal and interest of lease liabilities	24(c)	(808)	(771)	(767)	(527)
Payments of **[REDACTED]** expenses	24(c)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Finance cost paid		(608)	(1,337)	(809)	(120)
Repayment to a director	24(c)	(5,970)	(4,914)	(7,980)	(4,600)
Advance from a director	24(c)	–	–	365	–
Net cash generated from/(used in) financing activities		8,103	(13,901)	(32,224)	(2,003)
Net (decrease)/increase in cash and cash equivalents		(41,502)	(32,857)	25,376	11,477
Cash and cash equivalents at beginning of the year		65,052	23,550	(9,307)	16,069
Cash and cash equivalents at end of the year	20	23,550	(9,307)	16,069	27,546

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

GC Construction Holdings Limited (formerly known as Chan Kiu Engineering Holdings Limited) (the "Company") was incorporated in the Cayman Islands on 28 April 2020 as an exempted company with limited liability under Companies Act (as revised) of the Cayman Islands. The address of the Company's registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are engaged in provision of wet trades works to public or private residential and commercial properties in Hong Kong (the "**[REDACTED]** Business"). The ultimate holding company of the Company is Evolve Billion Limited ("Evolve Billion"). The ultimate controlling shareholders of the Group are Mr. Chan Kiu Sum ("Mr. KS Chan") and Mr. Chan Wing Ping ("Mr. WP Chan").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the **[REDACTED]** Business was carried out by Chan Kiu Construction Decoration Engineering Limited ("Chan Kiu") and Ying Wai (Chan Kiu) Construction Engineering Co., Limited ("Ying Wai") (collectively known as the "Operating Companies"), both of which were held as to 80% by Mr. KS Chan and 20% by Mr. WP Chan.

Mr. WP Chan is the cousin-in-law of Mr. KS Chan.

In preparation for the initial **[REDACTED]** ("**[REDACTED]**") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Operating Companies underwent the Reorganisation to transfer the **[REDACTED]** Business to the Company principally through the following steps:

(1) On 21 April 2020, Evolve Billion was incorporated in the British Virgin Islands (the "BVI") with limited liability. 80 and 20 fully paid ordinary shares, representing 80% and 20% of the issued shares of Evolve Billion, were allotted and issued to Mr. KS Chan and Mr. WP Chan on the same date respectively.

(2) On 28 April 2020, the Company was incorporated in the Cayman Islands. Upon incorporation of the Company, one ordinary share was allotted and issued as fully paid at par value of US$1 to an initial subscriber which was later transferred to Evolve Billion on the same date, and a further of 49,999 ordinary shares with a par value of US$1 each were allotted and issued as fully paid to Evolve Billion. Accordingly, Evolve Billion then held 50,000 ordinary shares with a par value of US$1 each of the Company (the "USD-denominated Shares") and the Company became a directly wholly-owned subsidiary of Evolve Billion.

(3) On 8 May 2020, Wai Wai Prestige Company Limited ("Wai Wai") and Ying Ying Company Limited ("Ying Ying") were both incorporated under the laws of BVI with limited liability. 100 fully paid shares of Wai Wai and 100 fully paid shares of Ying Ying, representing the entire issued shares of Wai Wai and Ying Ying, were allotted and issued to the Company on the same date respectively. Accordingly, Wai Wai and Ying Ying became direct wholly owned subsidiaries of the Company.

(4) On 24 September 2020, the Company allotted and issued 39,000,000 new shares with a par value of HK$0.01 each to Evolve Billion and repurchased and cancelled all the USD-denominated Shares from Evolve Billion.

(5) On 17 November 2020, Mr. KS Chan and Mr. WP Chan entered into a reorganisation agreement with Wai Wai, Ying Ying and the Company, pursuant to which (i) each of Mr. KS Chan and Mr. WP Chan agreed to transfer their 8 shares and 2 shares in Ying Wai, respectively, (together representing the entire issued share capital of HK$10 in Ying Wai) to Ying Ying; and (ii) each of Mr. KS Chan and Mr. WP Chan agreed to transfer their 8 shares and 2 shares in Chan Kiu (together representing the entire issued share capital of HK$10 in Chan Kiu) to Wai Wai. In consideration of the above, Wai Wai and Ying Ying each allotted and issued 900 shares of US$1 each to the Company at the direction of Mr. KS Chan and Mr. WP Chan.

As a result of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Principal activities and place of operations	Issued and fully paid up share capital	Attributable equity interest of the Group as at 31 March 2019, 2020, 2021 and 2022	As at the date of this report	*Notes*
Direct Interests						
Ying Ying Company Limited	The BVI, 8 May 2020	Investment holding, the BVI	US$1,000	N/A, N/A, 100%, 100%	100%	(a)
Wai Wai Prestige Company Limited	The BVI, 8 May 2020	Investment holding, the BVI	US$1,000	N/A, N/A, 100%, 100%	100%	(a)
Indirect Interests						
Chan Kiu Construction Decoration Engineering Limited	Hong Kong, 18 October 2007	Provision of wet trades works, Hong Kong	HK$10	100%, 100%, 100%, 100%	100%	(b)
Ying Wai (Chan Kiu) Construction Engineering Co., Limited	Hong Kong, 30 July 2005	Provision of wet trades works, Hong Kong	HK$10	100%, 100%, 100%, 100%	100%	(b)

Notes:

(a) No audited statutory financial statements have been prepared for these subsidiaries as they were newly incorporated and there are no statutory audit requirements under the applicable law in the place of incorporation of the entities.

(b) Statutory financial statements for the years ended 31 March 2019, 2020 and 2021 were audited by Nortex (HK) CPA Limited. The statutory financial statements for the year ended 31 March 2022 has not yet been issued.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the **[REDACTED]** Business were mainly conducted through the Operating Companies, and ultimately controlled by Mr. KS Chan and Mr. WP Chan. Pursuant to the Reorganisation, the Operating Companies were transferred to and held indirectly by the Company. As the Company, Ying Ying and Wai Wai had not been involved in any other business prior to the Reorganisation and do not meet the definition of a business, the Reorganisation is merely a recapitalisation of the **[REDACTED]** Business with no change in business substance, management of such business and the ultimate controlling shareholders of the Operating Companies remain the same. Accordingly, the Historical Financial Information of the companies now comprising the Group is presented using the carrying values of the Operating Companies for all years presented for the purpose of this report.

Inter-company transactions, balances and unrealised gains/losses on transactions among group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA are set out below. The Historical Financial Information have been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Group has adopted HKFRS 9 "Financial instruments" ("HKFRS 9") and HKFRS 15 "Revenue from contracts with customers" ("HKFRS 15") and HKFRS 16 "Leases" ("HKFRS 16") using full retrospective approach with which the relevant accounting policies have been consistently applied to the Group's Historical Financial Information throughout the Track Record Period.

The following new standards, amendments to standards, and interpretation that have been issued, but are not yet effective for the Track Record Period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before intended use	1 April 2022
Annual improvements project	Annual Improvements to HKFRSs 2018–2020	1 April 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments	1 April 2022
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 April 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 April 2022
HKAS 3 (Amendments)	Reference to the Conceptual Framework	1 April 2022
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 April 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 April 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 April 2023
HKFRS 17	Insurance Contracts	1 April 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and interpretation. According to the preliminary assessment made by the directors of the companies now comprising the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Subsidiaries

2.2.1 Consolidation

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Separate financial statements

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other gains/(losses)".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5 Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on assets is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives, as follows:

Office equipment and furniture	5 years
Machinery	3 years
Motor vehicles	3 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statements of comprehensive income.

2.6 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

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

b) The contractual terms give rise to cash flows that are solely payments of principal and interest.

Management determines the classification of its financial assets at initial recognition. The Group reclassifies debt investments when and only when its business model for managing the assets changes.

If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Company's and the Group's financial assets comprise trade receivables, other receivables and deposits, amount due from a director, pledged short-term bank deposits and cash and cash equivalents.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in the consolidated statements of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statements of comprehensive income and presented in "other gains/(losses)". Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and retention receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets at amortised cost, including deposits and other receivables, management considers that their credit risks have not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

(e) Derecognition

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

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in the consolidated statements of comprehensive income:

– the carrying amount of the financial asset transferred; and

– the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

2.8 Financial liabilities

(a) Recognition and measurement

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the financial liabilities using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statements of comprehensive income.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Contract assets and contract liabilities

A contract asset represents the Group's right to consideration from customers in exchange for the provision of wet trades works that the Group has transferred to the customers that is not yet unconditional. Contract assets arise when the Group has provided the wet trades works and other wet trades related ancillary works under the relevant contracts but the works have yet to be certified by architects, quantity surveyors or other representatives appointed by the customers and/or the Group's right to payment is still conditional on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when the Group's right to payment becomes unconditional other than passage of time.

In accordance with the terms of the contracts entered into with customers, the Group are required to submit to customers payment applications for the value of work done under the contracts along with any variation orders performed. Customers will settle normally in 14–60 days after certifying the monthly payment applications based on their assessment of work done by the Group. Customers usually retain an amount up to 10% of the value of work done, subject to a maximum limit of 5% of the contract sum as retention money for the contract. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period and the discussion of final accounts.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

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

2.12 Pledged short-term bank deposits

Pledged short-term bank deposits represent fixed deposits pledged to the banks for issuance of bank facilities and bank borrowings. Such pledged short-term bank deposits can be released when the Group repays the bank borrowings or withdrawn at any time if other qualified securities are placed as alternative.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank deposits with original maturities of three months or less, and bank overdrafts. In the consolidated statements of financial position, bank overdrafts are shown within "borrowings" in current liabilities.

2.14 Share capital

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

2.15 Trade and other payables

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

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

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

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

2.17 Borrowing costs

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

2.18 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.19 Employee benefits

(a) Retirement benefit obligations

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. Both the Group and the staff are required to contribute 5% of the employees' relevant income with a ceiling of HK$1,500 per month to the MPF Scheme. The assets of the MPF Scheme are held in a separately administered fund. The Group's contributions to the MPF Scheme are expensed as incurred.

The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

(b) Bonuses

The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

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

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

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

Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered in the normal course of business.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. Specific criteria where revenue is recognised are described below.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

(a) Revenue from provision of wet trades works

Revenue from provision of wet trades works is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. The Group has applied the input method in recognising the revenue from construction contracts over time by reference to the Group's efforts or inputs to the satisfaction on a performance obligation (for example, subcontracting fees, cost of materials and toolings) relative to the total expected inputs to the satisfaction of the performance obligation.

The payment terms differed for different customers due to the variety of projects. Most of the payment is payable according to the stage of construction with credit term of 14–60 days. 5% of the contract price is recognised as retention receivables, which would be paid after the retention period expires. The Group does not intend to give financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

For construction contracts with fixed price, the Group recognises the revenue in accordance with the contract price on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation. The Group considers the input method better depicts the Group's performance in transferring control of services to its customers.

The Group accounts for a modification if the customers to a contract approve a change in the scope and/or the price of a contract. A contract modification is approved when the modification creates or changes the enforceable rights and obligations of the customers to the contract. If the customers have approved a change in scope but have not yet determined the corresponding change in price, the Group estimates the change to the contract price as a variable consideration.

For construction contracts that contain variable consideration such as variations in contract work, the Group estimates the amount of consideration to which it will be entitled using the expected value method. The estimated amount of variable consideration is included in the construction contract 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.

(b) Existence of significant financing component

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

Notwithstanding the above, a contract does not have a significant financing component in circumstances where payments are in accordance with the typical payment terms of the relevant industry, which has a primary purpose other than financing.

2.22 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group enters into lease agreements as a lessee with respect to certain premises and motor vehicles.

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payment that are based on an index or a rate;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and

– lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liabilities;

– any lease payments made at or before the commencement date, less any lease incentive received;

– any initial direct costs; and

– restoration costs, if any.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of printers and photocopiers.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices and accounts for separately.

Some of the property leases include extension options. These terms are used to maximise operational flexibility in terms of managing contracts. The extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

2.24 Dividend distribution

Dividend distribution to the shareholders of the Company or the companies now comprising the Group is recognised as a liability in the consolidated and company financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as liability at the end of the reporting period.

2.25 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statements of comprehensive income as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.26 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised within "Other income" in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are offset against the costs of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activity is undertaken by management.

(a) Credit risk

(i) Risk management

The carrying amounts of cash and cash equivalents, pledged short-term bank deposits, trade receivables, amount due from immediate holding company, deposits and other receivables and contract assets included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Management considers the Group has limited credit risk with its banks which are leading and reputable and their external credit ratings are of investment grades. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The procedures focus on the evaluations on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer, such as its financial position, past experience and other factors, as well as pertaining to the economic environment in which the customer operates. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 31 March 2019, 2020, 2021 and 2022, the Group is exposed to concentration of credit risk on trade receivables and contract assets from the Group's five largest customers amounting to approximately HK$89,436,000, HK$125,832,000, HK$105,596,000 and HK$116,384,000 and accounted for approximately 77%, 81%, 69% and 74% of the total trade receivables and contract assets balance respectively. The major customers of the Group are reputable organisations and with good repayment history. Management considers that the credit risk is limited in this regard.

The Group's other financial assets at amortised cost are considered to be low credit risk. Management has closely monitored the credit qualities and the collectability.

(ii) Impairment of assets

The Group has six types of assets that are subject to the expected credit loss model:

- trade receivables;
- contract assets;
- other receivables at amortised cost;
- amount due from immediate holding company;
- cash and cash equivalents; and
- pledged short-term bank deposits.

While cash and cash equivalents and pledged short-term bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as the relevant banks' external credit ratings are of investment grades.

Trade receivables and contract assets

The Group applies simplified approach prescribed by HKFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of revenue over a period of 12 months before each reporting period end and the corresponding historical credit losses experienced within each reporting period. The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors (i.e. GDP and employment rate) affecting the ability of the customers to settle the receivables.

Based on the management assessment, the provision for impairment of trade receivables and contract assets is approximately HK$304,000, HK$524,000, HK$740,000 and HK$380,000 as at 31 March 2019, 2020, 2021 and 2022, respectively.

On that basis, the loss allowance as at end of each reporting period was determined as follows for trade receivables.

At 31 March 2019	Current	Past due within 30 days	Past due 31 to 60 days	Over 60 days	Total
Gross carrying amount *(HK$'000)*	30,789	7,455	862	34	39,140
Expected credit loss rates	0.2%	0.5%	1.9%	52.9%	
Loss allowance *(HK$'000)*	(66)	(38)	(16)	(18)	(138)
Net carrying amount *(HK$'000)*	30,723	7,417	846	16	39,002

At 31 March 2020	Current	Past due within 30 days	Past due 31 to 60 days	Over 60 days	Total
Gross carrying amount *(HK$'000)*	43,027	9,566	–	–	52,593
Expected credit loss rates	0.3%	0.6%			
Loss allowance *(HK$'000)*	(139)	(56)	–	–	(195)
Net carrying amount *(HK$'000)*	42,888	9,510	–	–	52,398

At 31 March 2021	Current	Past due within 30 days	Past due 31 to 60 days	Over 60 days	Total
Gross carrying amount *(HK$'000)*	23,530	12,124	477	8	36,139
Expected credit loss rates	0.4%	0.8%	4.8%	12.5%	
Loss allowance *(HK$'000)*	(105)	(95)	(23)	(1)	(224)
Net carrying amount *(HK$'000)*	23,425	12,029	454	7	35,915

At 31 March 2022	Current	Past due within 30 days	Past due 31 to 60 days	Over 60 days	Total
Gross carrying amount *(HK$'000)*	19,286	5,211	2,296	556	27,349
Expected credit loss rates	0.2%	0.5%	2.3%	10.3%	
Loss allowance *(HK$'000)*	(31)	(26)	(52)	(57)	(166)
Net carrying amount *(HK$'000)*	19,255	5,185	2,244	499	27,183

On a similar basis as above, the loss allowance as at end of each reporting period was determined as follows for contract assets.

	As at 31 March			
Current	**2019**	**2020**	**2021**	**2022**
Gross carrying amount *(HK$'000)*	77,122	102,798	117,821	130,486
Expected credit loss rates	0.2%	0.3%	0.4%	0.2%
Loss allowance *(HK$'000)*	(166)	(329)	(516)	(214)
Net carrying amount *(HK$'000)*	76,956	102,469	117,305	130,272

The loss allowance provision for trade receivables and contract assets as at 31 March 2019, 2020, 2021 and 2022 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables *HK$'000*	**Contract assets** *HK$'000*	**Total** *HK$'000*
As at 1 April 2018	113	45	158
Provision for impairment	25	121	146
As at 31 March 2019	138	166	304
Provision for impairment	57	163	220
As at 31 March 2020	195	329	524
Provision for impairment	29	187	216
As at 31 March 2021	224	516	740
Reversal of impairment loss	(58)	(302)	(360)
As at 31 March 2022	166	214	380

Other receivables at amortised cost

Other receivables at amortised cost mainly represents other receivables and deposits in well-known companies. Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is immaterial.

Amount due from immediate holding company

The directors consider the credit risk on the amount due from immediate holding company is low as no default payment was noted.

(b) Market risk

(i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in HK$, being the functional currency of the subsidiaries now comprising the Group, and hence, the Group does not have any material foreign exchange risk exposure.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from pledged bank deposit, cash at banks and bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by the bank deposits. The interest rate profile of pledged bank deposit and bank borrowings are disclosed in Note 20 and Note 23 respectively. The bank deposits generate interest at the prevailing market interest rates.

At 31 March 2019, 2021 and 2022, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's post-tax profit for the years then ended would have been approximately HK$9,000, HK$78,000 and HK$115,000 higher/lower respectively, mainly as a result of higher/lower interest income on cash at banks.

At 31 March 2020 if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's post-tax profit for the year then ended would have been HK$105,000 lower/higher mainly as a result of higher/lower net interest expenses on floating rate bank borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the Group's working capital to ensure that all liabilities due and known funding requirements could be met. In order to meet their liquidity requirements in the short and longer term, the Group may adjust the amount of dividends paid to shareholders and drawdown available bank facilities. Further, the management performs monthly review of receivables and payables ageing analysis to ensure the Group is able to maintain sufficient financial resources to meet its liquidity requirement and to follow up on any overdue balances.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the period-end date). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. The maturity analysis for remaining financial liabilities is prepared based on the scheduled repayment dates.

The Group

	On demand	**Within 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019				
Trade payables	–	26,592	–	26,592
Accruals and other payables	–	16,924	–	16,924
Amount due to a director	27,870	–	–	27,870
Bank overdrafts	3,699	–	–	3,699
Bank borrowings	26,529	–	–	26,529
Lease and interest payments	–	797	1,259	2,056
	58,098	44,313	1,259	103,670

	On demand	**Within 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2020				
Trade payables	–	16,858	–	16,858
Accruals and other payables	–	12,432	–	12,432
Amount due to a director	22,956	–	–	22,956
Bank overdrafts	16,125	–	–	16,125
Bank borrowings	21,000	–	–	21,000
Lease and interest payments	–	794	400	1,194
	60,081	30,084	400	90,565

	On demand	**Within 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2021				
Trade payables	–	25,183	–	25,183
Accruals and other payables	–	17,763	–	17,763
Amount due to a director	15,341	–	–	15,341
Bank overdrafts	2,628	–	–	2,628
Lease and interest payments	–	391	–	391
	17,969	43,337	–	61,306

	On demand	Within 1 year	Over 1 year	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2022				
Trade payables	–	28,707	–	28,707
Accruals and other payables	–	11,943	–	11,943
Amount due to a director	10,741	–	–	10,741
Lease and interest payments	–	537	358	895
	10,741	41,187	358	52,286

The Company

	Within 1 year
	HK$'000
As at 31 March 2021	
Accruals	3,081
Amount due to a subsidiary	8,454
	11,535

	Within 1 year
	HK$'000
As at 31 March 2022	
Accruals	4,852
Amount due to a subsidiary	17,782
	22,634

The table below summarises the maturity analysis of bank borrowings of the Group with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

	Within 1 year
	HK$'000
As at 31 March 2019	26,748
As at 31 March 2020	21,373
As at 31 March 2021	–
As at 31 March 2022	–

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group mainly uses equity to finance its operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or repay borrowings when cash received from non-trade receivables. Also, the Group continues to monitor and maintain the sufficiency of banking facilities for its operations.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and pledged short-term bank deposits. Total capital is calculated as "equity" as shown in the consolidated statements of financial position, plus net debt.

The gearing ratio at 31 March 2019, 2020, 2021 and 2022 were as follows:

		As at 31 March			
		2019	**2020**	**2021**	**2022**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	23	30,228	37,125	2,628	–
Lease liabilities	15(b)	1,860	1,154	385	863
Amount due to a director	25(e)	27,870	22,956	15,341	10,741
Less: Cash and cash equivalents and pledged short-term bank deposits	20	(32,289)	(11,958)	(23,871)	(27,546)
Net debt/(cash)		27,669	49,277	(5,517)	(15,942)
Total equity		40,173	64,733	111,162	142,456
Total capital		67,842	114,010	105,645	126,514
Gearing ratio		41%	43%	N/A	N/A

3.3 Fair value estimation

The different levels of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying value of the Group's financial assets and liabilities are reasonable approximation to their fair values due to the relatively short-term nature of these financial instruments.

3.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at 31 March 2019, 2020, 2021 and 2022.

	Gross amounts *HK$'000*	Gross amounts set off in the consolidated statement of financial position *HK$'000*	Net amounts presented in the consolidated statement of financial position *HK$'000*
As at 31 March 2019			
Financial assets			
Other receivables, deposits and prepayments	20,389	(16,499)	3,890
Financial liabilities			
Trade payables	43,091	(16,499)	26,592
As at 31 March 2020			
Financial assets			
Other receivables, deposits and prepayments	16,074	(11,704)	4,370
Financial liabilities			
Trade payables	28,562	(11,704)	16,858
As at 31 March 2021			
Financial assets			
Other receivables, deposits and prepayments	21,661	(13,920)	7,741
Financial liabilities			
Trade payables	39,103	(13,920)	25,183
As at 31 March 2022			
Financial assets			
Other receivables, deposits and prepayments	18,188	(6,976)	11,212
Financial liabilities			
Trade payables	35,683	(6,976)	28,707

Note: As at 31 March 2019, 2020, 2021 and 2022, other receivables from subcontractors which represents labour costs of site workers directly settled by the Group, are offset against trade payables to the same subcontractor pursuant to the Group's contracts with its customers and arrangements with subcontractors, as well as industry practice.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition

The Group recognises revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of wet trade works. The progress is determined by the aggregated cost for the individual performance obligation incurred at the end of the reporting period compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction contract budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and estimated revenue which contains variable consideration. Because of the nature of the activities undertaken in the construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both transaction price and contract cost in the budget prepared for each construction contract as the contract progresses.

Significant judgement is required in estimating the progress of performance, total contract costs and value of variation work which may have an impact on percentage of completion of the construction contracts and the contract revenue and profit to be recognised in an accounting period. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Impairment of trade receivables and contract assets

The Group follows the guidance of HKFRS 9 to determine whether trade receivables and contract assets are impaired. Significant judgement is exercised on the assessment of the risk of default and expected credit losses from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments, customers' financial positions and expected future change of credit risks, including consideration of factors such as general economy measure, changes in macro-economic indicators, etc. Details of assumptions and inputs used are discussed in Note 3.1(a)(ii).

(c) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 REVENUE AND SEGMENT INFORMATION

The executive directors are identified as the chief operating decision makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources.

The Group's revenue is derived from provision of wet trades works in Hong Kong and accordingly, there is only one single operating segment for the Group under HKFRS 8.

(a) Revenue

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Wet trades work	447,920	513,154	440,369	456,432

All of the Group's revenue is recognised over time for the Track Record Period.

(b) Revenue from major customers

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Customer 1	112,712	243,932	155,384	154,236
Customer 2	140,438	71,199	N/A*	N/A*
Customer 3	45,649	N/A*	N/A*	70,820
Customer 4	N/A*	58,470	N/A*	N/A*
Customer 5	–	N/A*	72,796	59,012
Customer 6	N/A*	N/A*	48,445	N/A*

* Represent less than 10% of revenue for the respective year.

All of the Group's revenue are generated in Hong Kong.

(c) Segment assets and liabilities

The Group monitors its total assets and liabilities centrally in one single operating segment. All of the Group's non-current assets are located in Hong Kong.

(d) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the Track Record Period related to carried-forward contract liabilities.

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year				
– Wet trades works	32,588	17,566	14,298	1,804

(e) Unsatisfied long-term construction contracts

The following table shows unsatisfied performance obligations resulting from long-term construction contracts.

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Aggregate amount of the transaction price allocated to long-term construction contracts that are unsatisfied as at year ended	476,091	373,857	548,142	758,063

Management expects that the transaction prices regarding the unsatisfied contracts at the end of year will be recognised as revenue by referencing to the schedule below:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	342,496	284,494	440,373	468,135
Over 1 year	133,595	89,363	107,769	289,928
	476,091	373,857	548,142	758,063

6 OTHER INCOME

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Youth Employment and Training Programme *(Note a)*	85	187	278	591
Employment Support Scheme *(Note b)*	–	–	2,001	–
Construction Industry Council's Employment Support Scheme for the Construction Sector (Causal Employee) ("CIC grant") *(Note c)*	–	–	17,111	–
Others	–	21	238	1
	85	208	19,628	592

Notes:

(a) Amount represents wage subsidy granted under Youth Employment and Training Programme ("YETP"). Funds are granted to the Group for employing trainees under the YETP. The Group is entitled to HK$1,500 salary allowance per month for each trainee employed.

(b) Amount represents wage subsidy granted under Employment Support Scheme under the Anti-Epidemic Fund. Subsidies are offered to employers who have employed regular employees and paid MPF for them. Wage subsidies were granted to the Group for the use of paying wages and MPF of regular employees from June 2020 to November 2020.

(c) Amount represents wage subsidy granted from Construction Industry Council's Employment Support Scheme for the Construction Sector (Casual Employee). Subsidies are offered to construction sector employers who have employed casual employee. Wage subsidies were granted to the Group for the use of paying wages and MPF of casual employees during the period from August 2020 to January 2021 with the condition that the Group have undertaken not to make their employees redundant in the same period of the subsidy and the Group spent the full amount of the subsidy on paying wages to their employees.

7 EXPENSES BY NATURE

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost of materials and toolings	15,221	25,032	26,756	32,876
Subcontracting fees	372,257	412,340	333,557	332,920
Employee benefit expenses (including directors' remuneration) *(Note 8)*	30,699	28,629	28,790	32,583
Auditor's remuneration – audit services	83	472	110	220
Depreciation of plant and equipment *(Note 14)*	459	459	544	824
Depreciation of right-of-use assets *(Note 15)*	730	730	698	493
Gain on early termination of a lease *(Note 15)*	–	–	(2)	–
Loss on disposal on/written off of plant and equipment, net	–	–	12	–
Expense relating to short-term leases *(Note 15)*	583	970	1,558	2,364
Insurance	480	409	417	416
Repair and maintenance	787	270	322	372
Entertainment expenses	2,367	2,350	972	785
Consultation services	345	669	342	260
Legal and professional fees	49	2,050	312	1,192
Motor vehicles expenses	630	477	600	526
Provision for an onerous contract *(Note a)*	–	3,906	–	–
Provision for litigation cases *(Note b)*	–	611	–	–
Other expenses	3,948	1,820	2,656	5,000
Total cost of services and administrative expenses	428,638	481,194	397,644	410,831

Note:

(a) The provision was made for an onerous contract for one project. The management evaluated the project and noted that the unavoidable cost of meeting the obligations have exceeded the economic benefits expected to be received. Consequently, a provision for onerous contract was recognised in profit or loss for the year ended 31 March 2020.

(b) Amount represent provision for legal claim from one of the Group's ex-employees in relation to a workplace accident. The directors, after obtaining independent legal advice, consider that the Group has present obligation and is probable to cause an outflow of economic resources as at 31 March 2020, 2021 and 2022.

8 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Salaries, wages and bonuses	29,631	27,639	27,799	31,086
Pension costs – defined contribution plan	956	954	926	1,304
Other welfare and allowances	112	36	65	193
	30,699	28,629	28,790	32,583
Representing:				
Cost of services	23,267	22,270	21,301	24,858
Administrative expenses	7,432	6,359	7,489	7,725
	30,699	28,629	28,790	32,583

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director paid/payable for each of the years ended 31 March 2019, 2020, 2021 and 2022 were set out below:

Name of directors	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the [REDACTED] Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2019							
Executive director and chief executive officer:							
Mr. KS Chan	–	3,600	300	–	18	–	3,918
Executive director:							
Mr. WP Chan	–	540	45	–	18	–	603
Total	–	4,140	345	–	36	–	4,521

Name of directors	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the [REDACTED] Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2020							
Executive director and chief executive officer:							
Mr. KS Chan	–	2,300	300	–	18	–	2,618
Executive director:							
Mr. WP Chan	–	714	47	–	18	–	779
Total	–	3,014	347	–	36	–	3,397
For the year ended 31 March 2021							
Executive director and chief executive officer:							
Mr. KS Chan	–	2,400	200	–	18	–	2,618
Executive director:							
Mr. WP Chan	–	564	47	–	18	–	629
Total	–	2,964	247	–	36	–	3,247
For the year ended 31 March 2022							
Executive director and chief executive officer:							
Mr. KS Chan	–	2,400	200	–	18	–	2,618
Executive director							
Mr. WP Chan	–	645	55	–	18	–	718
Total	–	3,045	255	–	36	–	3,336

The remunerations shown above represent remunerations received from the Operating Companies by these directors in their capacity as employees to Operating Companies and no directors waived any emoluments during each of the years ended 31 March 2019, 2020, 2021 and 2022.

(b) Directors' termination benefits

No payment was made to the directors as compensation for the early termination of the appointment during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of the directors for making available the services of them as a director of the Company or Operating Companies during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contracts

Other than those disclosed in Note 25, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or Operating Companies were a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the four years or at any time during the Track Record Period.

(f) Five highest paid individuals

For each of the years ended 31 March 2019, 2020, 2021 and 2022, the five individuals whose emoluments were the highest in the Group include the 2, 2, 2 and 2 directors, whose emoluments were reflected in Note 9(a). The emoluments paid to the remaining 3, 3, 3 and 3 individuals, respectively, are as follows:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Salaries, wages and bonuses	1,807	1,777	2,000	2,043
Pension costs – defined contribution plan	54	54	54	54
Other welfare and allowances	–	–	50	–
	1,861	1,831	2,104	2,097

The emoluments of above individuals are within the following bands:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
Emoluments band				
Within HK$1,000,000	3	3	3	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the Track Record Period.

10 FINANCE COSTS, NET

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finance income:				
– Interest income from bank deposits	40	127	34	1
Finance costs:				
– Interest expense on borrowings	(608)	(1,337)	(809)	(120)
– Interest expense on lease liabilities *(Note 15)*	(96)	(65)	(34)	(20)
	(704)	(1,402)	(843)	(140)
Finance costs, net	(664)	(1,275)	(809)	(139)

11 INCOME TAX EXPENSE

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current income tax	2,866	4,882	6,673	7,480
Deferred income tax *(Note 16)*	1	(19)	78	(2)
	2,867	4,863	6,751	7,478

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and two subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Operating Companies are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period, except for one entity that is qualified under the two-tiered profits tax regime, under which the first HK$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax	18,557	30,673	52,790	38,772
Tax calculated at domestic tax rates applicable to profits in Hong Kong	2,897	4,896	8,545	6,232
Tax effects of:				
Income not subject to tax	(14)	(34)	(3,239)	(98)
Expenses not deductible for tax purpose	24	41	1,485	1,291
Under-provision in prior year	–	–	–	73
Tax concession	(40)	(40)	(40)	(20)
	2,867	4,863	6,751	7,478

12 EARNINGS PER SHARE

Basic earnings per shares is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2019, 2020, 2021 and 2022.

In determining the weighted average number of shares in issue during the years ended 31 March 2019, 2020, 2021 and 2022, 39,000,000 shares were deemed to have been issued on 1 April 2018 as if the Company has been incorporated by then.

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
Profit attributable to owners of the Company *(HK$'000)*	15,690	25,810	46,039	31,294
Weighted average number of ordinary shares in issue	39,000,000	39,000,000	39,000,000	39,000,000
Basic and diluted earnings per share *(in HK$)*	0.40	0.66	1.18	0.81

Diluted earnings per shares for the years ended 31 March 2019, 2020, 2021 and 2022 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years.

13 DIVIDEND

No dividend has been paid or declared by the Company for the Track Record Period.

Dividends of HK$6,000,000, HK$1,250,000, nil, and nil were declared and paid by companies now comprising the Group to its then shareholders during the years ended 31 March 2019, 2020, 2021 and 2022, respectively.

14 PLANT AND EQUIPMENT

	Office equipment and furniture *HK$'000*	**Machinery** *HK$'000*	**Motor vehicles** *HK$'000*	**Total** *HK$'000*
At 1 April 2018				
Cost	504	2,311	378	3,193
Accumulated depreciation	(47)	(1,751)	(378)	(2,176)
Net book amount	457	560	–	1,017
Year ended 31 March 2019				
Opening net book amount	457	560	–	1,017
Addition for the year	120	382	–	502
Depreciation charge *(Note 7)*	(117)	(342)	–	(459)
Closing net book amount	460	600	–	1,060

	Office equipment and furniture *HK$'000*	Machinery *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 31 March 2019				
Cost	624	2,693	1,483	4,800
Accumulated depreciation	(164)	(2,093)	(1,483)	(3,740)
Net book amount	460	600	–	1,060
Year ended 31 March 2020				
Opening net book amount	460	600	–	1,060
Addition for the year	44	288	–	332
Depreciation charge *(Note 7)*	(127)	(332)	–	(459)
Closing net book amounts	377	556	–	933
At 31 March 2020				
Cost	668	2,981	1,483	5,132
Accumulated depreciation	(291)	(2,425)	(1,483)	(4,199)
Net book amount	377	556	–	933
Year ended 31 March 2021				
Opening net book amount	377	556	–	933
Addition for the year	72	740	474	1,286
Disposal for the year	–	(17)	–	(17)
Depreciation charge *(Note 7)*	(135)	(370)	(39)	(544)
Closing net book amount	314	909	435	1,658
At 31 March 2021				
Cost	740	3,651	1,513	5,904
Accumulated depreciation	(426)	(2,742)	(1,078)	(4,246)
Net book amount	314	909	435	1,658
Year ended 31 March 2022				
Opening net book amount	314	909	435	1,658
Addition for the year	95	773	–	868
Depreciation charge *(Note 7)*	(140)	(542)	(142)	(824)
Closing net book amount	269	1,140	293	1,702
At 31 March 2022				
Cost	835	4,209	1,513	6,557
Accumulated depreciation	(566)	(3,069)	(1,220)	(4,855)
Net book amount	269	1,140	293	1,702

Note: During the year ended 31 March 2019, two motor vehicles with no net book value were transferred from "right-of-use assets" to "plant and equipment" as the Group purchased those leased motor vehicles from the lessor upon the end of lease period.

Depreciation of the Group's plant and equipment are recognised as follows:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost of services	342	332	370	541
Administrative expenses	117	127	174	283
Depreciation charge for the year	459	459	544	824

15 LEASES

(a) Right-of-use assets

	Motor vehicles	**Leased premises**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018			
Cost	1,105	2,733	3,838
Accumulated depreciation	(1,105)	(213)	(1,318)
Net book amount	–	2,520	2,520
Year ended 31 March 2019			
Opening net book amount	–	2,520	2,520
Depreciation charge *(Note 7)*	–	(730)	(730)
Closing net book amount	–	1,790	1,790
At 31 March 2019			
Cost	–	2,733	2,733
Accumulated depreciation	–	(943)	(943)
Net book amount	–	1,790	1,790
Year ended 31 March 2020			
Opening net book amount	–	1,790	1,790
Depreciation charge *(Note 7)*	–	(730)	(730)
Closing net book amount	–	1,060	1,060
At 31 March 2020			
Cost	–	2,733	2,733
Accumulated depreciation	–	(1,673)	(1,673)
Net book amount	–	1,060	1,060

	Motor vehicles	Leased premises	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2021			
Opening net book amount	–	1,060	1,060
Depreciation charge *(Note 7)*	–	(698)	(698)
Disposal for the year	–	(34)	(34)
Closing net book amount	–	328	328
At 31 March 2021			
Cost	–	2,535	2,535
Accumulated depreciation	–	(2,207)	(2,207)
Net book amount	–	328	328
Year ended 31 March 2022			
Opening net book amount	–	328	328
Inception of lease contracts	–	985	985
Depreciation charge *(Note 7)*	–	(493)	(493)
Closing net book amount	–	820	820
At 31 March 2022			
Cost	–	985	985
Accumulated depreciation	–	(165)	(165)
Net book amount	–	820	820

The right-of-use assets represent the Group's rights to use underlying motor vehicles and leased premises under lease arrangements over the lease terms from 3 to 4 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

Upon the end of lease period during the year ended 31 March 2019, the Group purchased two leased motor vehicles from the lessor and the motor vehicles were transferred to "plant and equipment".

(b) Lease liabilities

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current portion	706	760	385	510
Non-current portion	1,154	394	–	353
	1,860	1,154	385	863

The interest rate of each lease contracts is fixed at its contract date, and the interest rate of all the lease liabilities was 4.3% per annum as at 31 March 2019, 2020, 2021 and 2022.

The total cash outflows for leases including payments of short-term leases, lease liabilities and payments of interest expenses on leases for the years ended 31 March 2019, 2020, 2021 and 2022 were approximately HK$1,391,000, HK$1,741,000, HK$2,325,000 and HK$2,891,000, respectively.

(c) Amount recognised in the consolidated statements of comprehensive income

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of right-of-use assets as included in:				
– Cost of services	237	237	205	–
– Administrative expenses	493	493	493	493
	730	730	698	493
Interest expenses on lease liabilities for the year *(Note 10)*	96	65	34	20
Gain on early termination of a lease	–	–	(2)	–
Expenses relating to short-term leases (included in cost of services) *(Note 7)*	583	970	1,558	2,364

16 DEFERRED INCOME TAX LIABILITIES

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

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax liabilities, net	117	98	176	174

The movements in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation
	HK$'000
At 1 April 2019	116
Charged to the consolidated statements of comprehensive income	1
At 31 March 2019	117
At 1 April 2020	117
Credited to the consolidated statements of comprehensive income	(19)
At 31 March 2020	98
At 1 April 2021	98
Charged to the consolidated statements of comprehensive income	78
At 31 March 2021	176
At 1 April 2022	176
Credited to the consolidated statements of comprehensive income	(2)
At 31 March 2022	174

As at 31 March 2019, 2020, 2021 and 2022, there is no significant unrecognised deferred tax for the Group.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets as per consolidated statements of financial position				
Financial assets measured at amortised cost				
– Trade receivables *(Note 18)*	39,002	52,398	35,915	27,183
– Other receivables and deposits (excluding prepayments) *(Note 18)*	2,567	3,217	4,172	4,368
– Amount due from immediate holding company *(Note 25(d))*	–	–	431	437
– Pledged short-term bank deposits *(Note 20)*	5,040	5,140	5,174	–
– Cash and cash equivalents *(Note 20)*	27,249	6,818	18,697	27,546
Total	73,858	67,573	64,389	59,534
Liabilities as per consolidated statements of financial position				
Financial liabilities measured at amortised cost				
– Trade payables *(Note 22)*	26,592	16,858	25,183	28,707
– Accruals and other payables (excluding non-financial liabilities) *(Note 22)*	16,924	12,432	17,763	11,943
– Amount due to a director *(Note 25(e))*	27,870	22,956	15,341	10,741
– Bank borrowings *(Note 23)*	30,228	37,125	2,628	–
– Lease liabilities *(Note 15(b))*	1,860	1,154	385	863
Total	103,474	90,525	61,300	52,254

18 TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	39,140	52,593	36,139	27,349
Less: provision for impairment	(138)	(195)	(224)	(166)
Trade receivables, net	39,002	52,398	35,915	27,183

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

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	32,792	42,585	33,142	21,788
31–60 days	6,314	10,008	2,512	3,757
Over 60 days	34	–	485	1,804
	39,140	52,593	36,139	27,349

The credit terms provided to customers range from 14 days to 60 days. The Group's trade receivables are denominated in HK$.

(b) Other receivables, deposits and prepayments

The Group

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments for wet trades works	1,030	826	260	62
Prepayments for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other prepayments	293	327	312	334
Other receivables *(Note)*	887	2,951	2,547	2,738
Deposits	1,680	266	1,625	1,630
	3,890	4,370	7,741	11,212
Less: Non-current deposits	(217)	(187)	–	(173)
Current portion	3,673	4,183	7,741	11,039

Note: The balance mainly represented advance payment paid out by our Group in relation to the claims from work accidents which is expected to be recovered by our Group from the main contractors under the relevant insurance policy and arrangements with the main contractors as well as industry practice.

The Group's other receivables and deposits are denominated in HK$. None of the other receivables and deposits was impaired.

The carrying amounts of trade and other receivables approximate to their fair values. The maximum exposure to credit risk at the end of each reporting period is carrying amount of each class of trade and other receivables mentioned above.

The Company

	As at 31 March 2021	**As at 31 March 2022**
	HK$'000	*HK$'000*
Prepayments for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

Included in contract assets/(liabilities) are the following:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract assets				
Unbilled revenue	33,208	56,594	67,791	72,802
Retention receivables for wet trades works *(Note c)*	43,914	46,204	50,030	57,684
Total contract assets	77,122	102,798	117,821	130,486
Less: provision for impairment	(166)	(329)	(516)	(214)
Contract assets, net	76,956	102,469	117,305	130,272
Contract liabilities	(17,977)	(15,861)	(1,804)	(887)

Notes:

(a) The Group classifies these contract assets and liabilities as current because the Group expects to realise them in its normal operating cycle.

(b) The settlement analysis of unbilled revenue and contract liabilities based on project cycle was as follows:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unbilled revenue:				
To be recovered within twelve months	33,208	56,594	67,791	72,802
Contract liabilities:				
To be recognised within twelve months	(17,566)	(14,298)	(1,804)	(887)
To be recognised more than twelve months after the end of the year	(411)	(1,563)	–	–
	(17,977)	(15,861)	(1,804)	(887)

(c) Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the consolidated statements of financial position, retention receivables were classified as current assets based on its normal operating cycle. The settlement analysis of these retention receivables based on the terms of related contracts was as follows:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
To be recovered within twelve months	19,848	13,739	21,433	30,913
To be recovered more than twelve months after the end of the year	24,066	32,465	28,597	26,771
	43,914	46,204	50,030	57,684

Significant changes in contract assets and liabilities

Contract assets have increased as the Group has provided more construction services ahead of the right to payment upon receiving certification from quantity surveyors for construction contracts. The Group also applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets. Please refer to Note 3.1(a)(ii) for the impairment of assets.

Contract liabilities for the construction contracts decreased due to the reduction in receipt in advance on overall contract activities.

20 CASH AND CASH EQUIVALENTS AND PLEDGED SHORT-TERM BANK DEPOSITS

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	27,249	6,818	18,697	27,546
Pledged short-term bank deposits *(Note)*	5,040	5,140	5,174	–
	32,289	11,958	23,871	27,546
Maximum exposure to credit risk	32,279	11,948	23,835	27,522

Note: Pledged short-term bank deposits are funds which are pledged as security for the banking facilities of the Group. Interest rates of pledged short-term bank deposits are approximately 1.52%, 1.27%, 0.10% and 0.11% respectively per annum for each year.

All cash and cash equivalents and pledged short-term bank deposits are denominated in HK$.

The above figures reconcile to the amount of cash shown in the consolidated statements of cash flows at the end of each year as follows:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances as above	27,249	6,818	18,697	27,546
Bank overdrafts *(Note 23)*	(3,699)	(16,125)	(2,628)	–
Balances per consolidated statements of cash flows	23,550	(9,307)	16,069	27,546

21 SHARE CAPITAL, CAPITAL RESERVE AND RESERVES

(a) Share capital

	Number of ordinary shares	Equivalent nominal value of ordinary share *HK$'000*
Authorised:		
50,000 shares of US$1 each on 28 April 2020 *(Note i)*	50,000	390
Cancellation of shares *(Note ii)*	(50,000)	(390)
50,000,000 shares of HK$0.01 each on 24 September 2020 *(Note iii)*	50,000,000	500
Balance at 31 March 2021 and 2022	50,000,000	500
Issued:		
upon incorporation on 28 April 2020 *(Note i)*	50,000	389
Cancellation of shares *(Note ii)*	(50,000)	(389)
Issuance of shares pursuant to the Reorganisation *(Note 1.2)*	39,000,000	390
Balance at 31 March 2021 and 31 March 2022	39,000,000	390

Notes:

(i) On 28 April 2020, being the date of incorporation of the Company, the Company had an authorised share capital of US$50,000 divided into 50,000 ordinary shares with a par value of US$1 per share on the same date, the Company issued 50,000 shares of at US$1 each.

(ii) On 24 September 2020, the Company repurchased the USD-denominated shares at a consideration of US$50,000 and the USD-denominated shares were cancelled upon repurchase. Immediately following such repurchase, the Company cancelled the 50,000 authorised but unissued shares with a par value of US$1 each in the share capital of the Company of HK$0.01 each.

(iii) On 24 September 2020, the authorised share capital of the Company was changed to HK$500,000 by the creation of 50,000,000 new shares of HK$0.01 each.

(b) Capital reserve

The capital reserve of the Group represented combined share capital of the companies now comprising the Group upon the completion of the Reorganisation *(Note 1.2)*.

(c) Reserves movement of the Company

The reserves movement of the Company is as follows:

	Capital reserve *HK$'000* *(Note)*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
Balance as at 28 April 2020 (date of incorporation)	–	–	–
Comprehensive loss			
Loss for the period	–	(8,538)	(8,538)
Total comprehensive loss	–	(8,538)	(8,538)
Transaction with owners in their capacity as owners			
Effect of Reorganisation *(Note 1.2)*	101,592	–	101,592
Total transaction with owners in their capacity as owners	101,592	–	101,592
Balance at 31 March 2021	101,592	(8,538)	93,054
Comprehensive loss			
Loss for the year	–	(7,644)	(7,644)
Total comprehensive loss	–	(7,644)	(7,644)
Balance at 31 March 2022	101,592	(16,182)	85,410

Note: Capital reserve of the Company represents the net asset value of the subsidiaries acquired during the Reorganisation.

22 TRADE AND OTHER PAYABLES

The Group

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	26,592	16,858	25,183	28,707
Accruals and other payables				
– Accruals for subcontractors' labour cost	16,499	11,704	13,920	6,976
– Accrued staff cost	2,683	1,980	1,872	2,378
– Accruals for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Provision for a litigation case	–	611	611	335
– Provision for an onerous contract *(Note 7a)*	–	3,906	–	–
– Other accruals and payables *(Note)*	425	728	1,723	115
	19,607	18,929	21,207	14,656
	46,199	35,787	46,390	43,363

Note: As at 31 March 2021, included in this balance was a provision of approximately HK$961,000 in connection with the CIC grant. After the receipt of the grant, it was noted that the Group did not employ the specified number of casual employees as originally committed. As such, an amount of HK$961,000 is required to be returned to the grantor. During the year ended 31 March 2022, such amount has been returned to CIC.

The trade and other payables are denominated in HK$ and the carrying amounts approximate their fair values.

As at 31 March 2019, 2020, 2021 and 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	26,582	16,721	25,183	28,707
31–60 days	10	131	–	–
61–90 days	–	6	–	–
	26,592	16,858	25,183	28,707

The Company

	As at 31 March	
	2021	**2022**
	HK$'000	*HK$'000*
Accruals for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**

The accruals are denominated in HK$ and the carrying amounts approximate their fair values.

23 BANK BORROWINGS

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current, secured				
– Bank overdrafts *(Note b)*	3,699	16,125	2,628	–
– Other bank loans *(Notes a and b)*	26,529	21,000	–	–
	30,228	37,125	2,628	–

The bank overdrafts and other bank loans are denominated in HK$ and bear interest at floating rates that are market dependent.

(a) The table below analyses the bank borrowings of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date without taking into consideration the effect of repayment on demand clause.

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings repayable:				
Within one year	26,529	21,000	–	–

During the years ended 31 March 2019, 2020, 2021 and 2022, the Group has drawn down bank borrowings of approximately HK$64,200,000, HK$75,000,000, HK$42,000,000 and nil, respectively. It also repaid bank borrowings of approximately HK$37,671,000, HK$80,529,000, HK$63,000,000 and nil, respectively.

The carrying amounts of the bank borrowings approximate their fair values. The weighted average interest rates are 4.0%, 4.1%, 4.0% and nil per annum as at 31 March 2019, 2020, 2021 and 2022, respectively.

(b) All of the Group's banking facilities are guaranteed personally by Mr KS Chan. Further, (i) certain revolving loan and installment loan facilities are additionally secured by the Group's pledged short-term bank deposit; (ii) certain SME revolving loan facility is additionally guaranteed by Hong Kong Mortgage Corporation Limited and HKMC Insurance Limited; and (iii) certain overdraft facility is additionally secured by a property owned by Mr KS Chan.

[All other security and guarantee above are expected to be released upon the **[REDACTED]**.]

The Group has the following undrawn bank facilities consisting of bank overdrafts and revolving loan:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Floating rate	301	2,875	37,372	19,000

24 CASH FLOWS INFORMATION

(a) Cash (used in)/generated from operations:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax expense	18,557	30,673	52,790	38,772
Adjustments for:				
Depreciation of plant and equipment	459	459	544	824
Depreciation of right-of-use assets	730	730	698	493
Finance income	(40)	(127)	(34)	(1)
Finance costs	704	1,402	843	140
Provision for a litigation case	–	611	–	–
Provision for an onerous contract	–	3,906	–	–
Gain on early termination of a lease	–	–	(2)	–
Loss on disposal on/written off of plant and equipment, net	–	–	12	–
Impairment losses/ (reversal of impairment losses) on trade receivables and contract assets	146	220	216	(360)
Operating profit before changes in working capital	20,556	37,874	55,067	39,868
Changes in working capital:				
Increase in contract assets	(27,939)	(25,676)	(15,023)	(12,665)
(Increase)/decrease in trade and other receivables, deposits and prepayments	(25,764)	(13,933)	15,776	9,326
Increase/(decrease) in trade payables, accruals and other payables	24,487	(14,929)	9,909	(5,104)
Decrease in contract liabilities	(16,708)	(2,116)	(14,057)	(917)
Net cash (used in)/ generated from operations	(25,368)	(18,780)	51,672	30,508

(b) In the consolidated statements of cash flows, proceeds from disposals of plant and equipment comprise:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net book amount *(Notes 14)*	–	–	17	–
Loss on disposal of plant and equipment, net	–	–	(12)	–
Proceeds from disposal of plant and equipment	–	–	5	–

(c) Cash flow information – financing activities

The movements of liabilities from financing activities for each of the years ended 31 March 2019, 2020, 2021 and 2022:

	Other assets			Liabilities from financing activities					
	Cash and cash equivalents/ (bank overdrafts) *HK$'000*	**Pledged short-term bank deposit** *HK$'000*	**Total** *HK$'000*	**Dividend payables** *HK$'000*	**Borrowings-excluding bank overdrafts** *HK$'000*	**Lease liabilities** *HK$'000*	**Amount due to a director** *HK$'000*	**Accruals for [REDACTED] expenses** *HK$'000*	**Total** *HK$'000*
As at 1 April 2018	65,052	–	65,052	–	–	2,572	33,840	–	36,412
Increase in pledged short-term bank deposit	–	5,000	5,000	–	–	–	–	–	–
Cash flows	(41,502)	40	(41,462)	(6,000)	–	(808)	–	–	(6,808)
Repayment to a director	–	–	–	–	–	–	(5,970)	–	(5,970)
Drawdown of bank borrowings	–	–	–	–	64,200	–	–	–	64,200
Repayment of bank borrowings	–	–	–	–	(37,671)	–	–	–	(37,671)
Non-cash movements:									
Interest expenses	–	–	–	–	–	96	–	–	96
Declaration of dividend	–	–	–	6,000	–	–	–	–	6,000
As at 31 March 2019	23,550	5,040	28,590	–	26,529	1,860	27,870	–	56,259
Cash flows	(32,857)	100	(32,757)	(1,250)	–	(771)	–	–	(2,021)
Repayment to a director	–	–	–	–	–	–	(4,914)	–	(4,914)
Drawdown of bank borrowings	–	–	–	–	75,000	–	–	–	75,000
Repayment of bank borrowings	–	–	–	–	(80,529)	–	–	–	(80,529)
Non-cash movements:									
Interest expenses	–	–	–	–	–	65	–	–	65
Declaration of dividend	–	–	–	1,250	–	–	–	–	1,250
As at 31 March 2020	(9,307)	5,140	(4,167)	–	21,000	1,154	22,956	–	45,110
Cash flows	25,376	34	25,410	–	–	(767)	–	**[REDACTED]**	(2,766)
Repayment to a director	–	–	–	–	–	–	(7,980)	–	(7,980)
Advance from a director	–	–	–	–	–	–	365	–	365
Drawdown of bank borrowings	–	–	–	–	42,000	–	–	–	42,000
Repayment of bank borrowings	–	–	–	–	(63,000)	–	–	–	(63,000)
Non-cash movements:									
Interest expenses	–	–	–	–	–	34	–	–	34
Accruals for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Early termination of a lease	–	–	–	–	–	(36)	–	–	(36)
As at 31 March 2021	16,069	5,174	21,243	–	–	385	15,341	**[REDACTED]**	18,807
As at 1 April 2021	16,069	5,174	21,243	–	–	385	15,341	**[REDACTED]**	18,807
Cash flows	11,477	(5,174)	6,303	–	–	(527)	–	**[REDACTED]**	(2,457)
Repayment to a director	–	–	–	–	–	–	(4,600)	–	(4,600)
Non-cash movements:									
Inception of lease contracts	–	–	–	–	–	985	–	–	985
Interest expenses	–	–	–	–	–	20	–	–	20
Accruals for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
As at 31 March 2022	27,546	–	27,546	–	–	863	10,741	**[REDACTED]**	16,456

25 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Mr. KS Chan	Controlling shareholder, director of the Operating Companies and Chairman
Mr. WP Chan	Controlling shareholder and director of the Operating Companies
Ms. Tsang Chiu Ching ("Ms. Tsang")	Spouse of Mr. KS Chan
Mr. Chan Siu Wai ("Mr. SW Chan")	Son of Mr. KS Chan & Ms. Tsang
Ms. Chan Chui Ying	Daughter of Mr. KS Chan & Ms. Tsang
Mr. Chan Chun Wai	Son of Mr. WP Chan

(b) The following transactions were carried out with related parties:

Saved as disclosed in Note 9 of this report during the Track Record Period, the following transactions were carried out with related parties:

	Year ended 31 March			
	2019	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Salaries and pension costs paid to:				
Mr. SW Chan	157	–	–	–
Ms. Chan Chui Ying	496	532	567	546
Mr. Chan Chun Wai	339	430	467	476
Rental paid in relation to rental contract entered into with:				
Ms. Tsang and Mr. SW Chan	216	213	168	–

The transactions were conducted in the normal course of business at prices and terms as agreed between the Group and the related parties.

(c) Key management compensation

Key management includes the directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 9.

(d) Amount due from immediate holding company

The Group

Particulars of amount due from immediate holding company are as follows:

	HK$'000
Balance at 31 March 2021	431
Balance at 31 March 2022	437

The Company

Particulars of amount due from immediate holding company are as follows:

	HK$'000
Balance at 31 March 2021	390
Balance at 31 March 2022	390

As at 31 March 2021 and 2022, non-trade receivables balances from immediate holding company were unsecured, interest-free and repayable on demand and approximate their fair values.

The balance with immediate holding company is denominated in HK$.

[The balances will be settled before **[REDACTED]**.]

(e) Amount due to a director

As at 31 March 2019, 2020, 2021 and 2022, non-trade payables balances to a director of the Group were unsecured, interest-free and repayable on demand and approximate their fair values.

The balances with a director are denominated in HK$ and the balances will be settled or capitalised before **[REDACTED]**.

(f) Amount due to a subsidiary

As at 31 March 2021 and 2022, non-trade payables balance to a subsidiary of the Company was unsecured, interest-free and repayable on demand and approximate its fair value. The balance with a subsidiary is denominated in HK$.

26 CONTINGENT LIABILITY

As at 31 March 2021, the Group had a contingent liability in relation to a fatal accident occurred in December 2019 whereby a subcontractor's worker sustained fatal injury during the course of work. Based on the development of the litigation and independent legal advice obtained, management of the Group considered it was premature to conclude on whether the Group is probable to be liable, and therefore a contingent liability existed. In November 2021, the Group received a certificate of trial from the relevant court whereby the related summons were dismissed because the court considered the prosecution offered no evidence. As a result, such contingent liability ceases to exist.

During the year ended 31 March 2022, the legal case was dismissed as prosecution offers no evidence, and therefore the contingent liability released.

27 EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with HKFRS.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to 31 March 2022 and up to the date of this report.

No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2022.