Wang Yang Holdings Limited
泓盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1735

ANNUAL REPORT
2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Ms. Tsui Kwok Ying *(Chairman)*

Executive Directors

Mr. Ng Chi Bun Benjamin *(Chief executive officer)*
Ms. Ng Chung Yan May

Independent non-executive Directors

Mr. Yau Chung Hang
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

AUDIT COMMITTEE

Mr. Yau Chung Hang *(Chairperson)*
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

REMUNERATION COMMITTEE

Mr. Pong Kam Keung *(Chairperson)*
Mr. Yau Chung Hang
Mr. Ng Chi Bun Benjamin

NOMINATION COMMITTEE

Ms. Tsui Kwok Ying *(Chairperson)*
Mr. Yau Chung Hang
Mr. Lo Ki Chiu

COMPANY SECRETARY

Mr. Poon Tak Wah

AUTHORISED REPRESENTATIVES

Ms. Ng Chung Yan May
Mr. Poon Tak Wah

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices E & F, 7th Floor
King Palace Plaza
No. 55 King Yip Street
Kwun Tong
Kowloon
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F, Tower 1
Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Adrian Yeung & Cheng
Suite 1201–2A, 12th Floor
Golden Centre
188 Des Voeux Road Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

COMPANY WEBSITE

www.wangyang.com.hk

STOCK CODE

1735

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Wang Yang Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I would like to present to our shareholders ("Shareholders") the annual report of the Group for the year ended 31 March 2019 (the "Period").

It was a difficult and challenging year for the Group. The Group's performance was vulnerable to various external factors, such as, the Government's investment in infrastructure and property construction projects, tight labour supply and increase in costs of labour and raw materials. Revenue decreased by approximately 7.6%, from approximately HK$215.7 million for the year ended 31 March 2018 (the "Previous Period") to approximately HK$199.2 million for the Period. Gross profits decreased substantially by 84.3% from approximately HK$50.7 million for the Previous Period to approximately HK$8.0 million for the Period. This caused the Group to end the Period with a net loss of approximately HK$10.8 million as compared to a net profit of approximately HK$10.7 million for the Previous Period. The Group's business performance for the Period is further explained in the section "Management Discussion and Analysis".

Looking ahead, our Group will apply more prudent approach in project selection and cost control to maintain our competitiveness in the industry. The Group will continue to strive for sustainable income and balanced growth, and achieve sustainable gains for our Shareholders. We will keep reviewing the working capital level on an on-going basis in order to achieve our objective and, at the same time, be mindful of the regulatory reporting and compliance requirements. With the promotion of the Group's operating subsidiary, Wise Trend Engineering Limited, to the Approved Contractor List in the building category to Group A from Group A (probationary status) maintained by the Development Bureau in March 2019, we are confident in maintaining competitiveness. Besides, with the resources from the Listing of the Company's shares on the Main Board of the Stock Exchange on 29 March 2018 (the "Listing"), we are prepared to capture more future opportunities for maximizing our Shareholders' value.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our Shareholders, customers, business associates and subcontractors for your continuous support to us. I would also send my warmest thanks to all our management of and staff members for your hard work and dedication during the Period.

TSUI Kwok Ying
Chairman
Hong Kong, 31 May 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works. All revenue for the Period was derived from the contracts of the construction works.

The Listing of our Shares was on 29 March 2018 (the "Listing Date").

As at 31 March 2019, we had 6 contracts on hand with a total original contract value of approximately HK$336.8 million. As at 31 March 2018, we had 18 contracts on hand with a total original contract value of approximately HK$724.8 million.

The general outlook for the industry is that growth depends on the support by Government investment in infrastructure and property construction projects. The year ended 31 March 2019 was a year full of challenges to the industry and the Group. The fierce competition within the market coupled with tight labour supply and increased costs of labour and raw materials affected the Group's success in the tenders as well as the gross profit and gross profit margin of the projects. The Directors are of the view that the business environment in which the Group operates becomes tough and the Group's gross profit and gross profit margin will continue under pressure from low bidding price on the tenders, which will in turn affect the business performance of the Group. Nevertheless, with the promotion of the Group's operating subsidiary, Wise Trend Engineering Limited, to the Approved Contractor List in the building category to Group A from Group A (probationary status) maintained by the Development Bureau in March 2019, the Group is still confident in maintaining our competitiveness and the Directors will closely monitor the market in order to respond to changes in the market conditions.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period amounted to approximately HK$199.2 million, i.e. about 7.6% less than that of approximately HK$215.7 million for the Previous Period. Such decline was mainly attributable to the decrease in the number of projects commenced during the Period as well as variation orders and prolonged completion periods of existing projects.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Period amounted to approximately HK$8.0 million, representing a notable decrease of approximately 84.3% as compared to the Previous Period. The decrease was mainly due to the decrease in revenue for the Period as discussed above and an overall increase in direct costs as a result of (i) additional works with variation orders for the project at the Waterloo Road but the amount of such variation orders is still under negotiation with the relevant customer; (ii) prolonged completion periods of works for the project at Island Road due to change in building plans; and (iii) extra costs incurred due to unexpected complexity arose from construction works for the projects at the Carpenter Road, the Waterloo Road and the Lau Fau Shan. The Group's gross profit margin for the Period was approximately 4.0%, showing a decrease as compared with approximately 23.5% for the Previous Period. The decrease in gross profit margin was mainly caused by increase in direct costs for the Period as discussed above.

Other Income and Net Gains/(Losses)

Other income and net gains/(losses) mainly comprise interest income from fixed deposit placed with banks. During the Period, other income amounted to approximately HK$1.5 million (Previous Period: approximately HK$138,000).

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Period amounted to approximately HK$18.9 million, representing a decrease of approximately 44.1% compared with approximately HK$33.7 million for the Previous Period, mainly due to the recognition of the Listing expenses in the Previous Period of approximately HK$18.9 million as compared to nil for the Period.

Income Tax Expense

Income tax expense decreased by approximately 77.3% from approximately HK$6.4 million for the Previous Period to approximately HK$1.4 million for the Period. Such decrease was mainly due to (i) decrease in gross profit for the Period as discussed above and (ii) tax effect of the non-deductible Listing expenses incurred for the Previous Period.

Net (Loss)/Profit

As a result of the aforesaid, and in particular the substantial decrease in gross profit, the Group reported a net loss for the Period of approximately HK$10.8 million, while the Group reported net profit of approximately HK$10.7 million for the Previous Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Period and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 31 March 2019, the Group had cash and bank balances of approximately HK$62.6 million (31 March 2018: approximately HK$103.1 million). The decrease was mainly due to (i) usage of the net proceeds received from the Listing; (ii) the decrease in trade and other payables of approximately HK$9.0 million as at 31 March 2019 compared to 31 March 2018 and (iii) the payment of collateral of surety bonds for projects newly awarded of approximately HK$6.7 million for the Period.

As at 31 March 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$2.6 million and HK$170.9 million (31 March 2018: approximately HK$2.6 million and HK$184.5 million respectively).

The current ratio increased from 5.8 times as at 31 March 2018 to 7.0 times as at 31 March 2019 mainly due to decrease in trade and other payables during the Period.

Foreign Exchange Risk

The Group mainly operates in Hong Kong. All operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are denominated in Hong Kong dollars. With nearly no portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Period as well as during the Previous Period.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associates Companies

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

EMPLOYEES

The Group had 42 employees (including full-time and casual employees who are paid on a daily basis) as at 31 March 2019 (31 March 2018: 43). Total staff costs included directors' emoluments for the Period amounted to approximately HK$24.0 million (Previous Period: approximately HK$22.8 million), salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employment according to the Group's operating results, the assessment of individual performance and market situation, and approved by the Board.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2019 and 31 March 2018.

CONTINGENT LIABILITIES

Our subsidiary, Wise Trend Engineering Limited, is involved in a civil litigation, the details of which have been disclosed in the section headed "Business — Litigation and potential claims — Ongoing litigation with a customer" of the Prospectus. The civil litigation is ongoing as at the date of this report. Besides, our subsidiaries are involved in a number of potential claims relating to employees' compensation cases and personal injuries claims as well as summonses for safety-related incidents in the ordinary course of business as at the date of this report. The Directors considered that the possibility of any outflow in settling (i) the potential personal injuries claims was remote as these claims were well covered by insurance; and (ii) the summonses will be insignificant to the business of the Group. Accordingly, no provision for the contingent liabilities in respect of the potential personal injuries claims and the summonses is necessary after due consideration of each case. Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: nil).

USE OF PROCEEDS FROM THE LISTING

The Shares of the Company have been listed on the Main Board of the Stock Exchange since the Listing Date. The total net proceeds (the "Net Proceeds") from the initial public offering amounted to approximately HK$73.5 million. The Net Proceeds were applied by our Group in accordance with the disclosure as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the use of the Net Proceeds and the unused amount from the Listing Date up to 31 March 2019:

	Planned use of the Net Proceeds HK$'000	Actual use of the Net Proceeds from the Listing Date to 31 March 2019 HK$'000	Unused amount Up to 31 March 2019 HK$'000
Hiring of additional staff	11,600	1,553	10,047
Acquisition of additional machinery and equipment	54,900	8,760	46,140
General Working Capital	7,000	7,000	–
	73,500	17,313	56,187

The Net Proceeds that were not applied immediately have been placed in the short-term demand deposits with licensed banks in Hong Kong as at the date of this report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Period (Previous Period: nil).

EVENTS AFTER THE PERIOD

The Directors confirm that there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Period and up to the date of this annual report.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and Senior Management are set out as follows:

NON-EXECUTIVE DIRECTOR

Ms. Tsui Kwok Ying (徐幗英), aged 79, is a non-executive Director, our Chairman and the chairperson of our nomination committee. Ms. Tsui is one of our Controlling Shareholders and also a director of Wise Trend Engineering Limited ("Wise Trend Engineering"), Build Wise Limited ("Build Wise"), United Prosperous Limited ("United Prosperous"), Grand Basework Limited ("Grand Basework"), Prosperous Contractors Limited ("Prosperous Contractors"), Steer Vision Limited ("Steer Vision") and Profound Contractors Limited ("Profound Contractors"). Profound Contractors is one of our Controlling Shareholders. Ms. Tsui is primarily responsible for giving strategic advice and guidance on the business and operation of our Group.

Ms. Tsui has accumulated over 15 years of experience in the operation and management of the Group's engineering business in Hong Kong through her directorship in Wise Trend Engineering since August 2002. Ms. Tsui is the mother of Mr. Ng Chi Bun Benjamin (who is an executive Director and Chief Executive Officer) and Ms. Ng Chung Yan May (who is an executive Director). She is the spouse of Mr. Ng Wong Kwong, a member of the senior management.

EXECUTIVE DIRECTORS

Mr. Ng Chi Bun Benjamin (吳志斌), aged 53, is an executive Director, our Chief Executive Officer and a member of our remuneration committee. He is primarily responsible for formulating overall business development strategy, project planning, budgeting, contract administration, overseeing execution of the projects and managing quality management system of our Group. Mr. Benjamin Ng is one of the founders of our Group and he was appointed a director of Wise Trend Engineering in September 1996. He is currently a director of Wise Trend Engineering, Wise Trend Construction & Engineering, Build Wise, United Prosperous, Grand Basework, Steer Vision and Profound Contractors. Mr. Benjamin Ng holds a degree of Bachelor of Engineering from Manchester Metropolitan University (formerly known as Manchester Polytechnic) in the United Kingdom and a degree of Master of Science in Facility Management from The Hong Kong Polytechnic University.

Mr. Benjamin Ng had been a shareholder and director of Wise Trend Engineering from September 1996 to June 2000. He rejoined our Group in February 2008 when he was appointed a director of Wise Trend Engineering and Wise Trend Construction & Engineering up to present.

Mr. Benjamin Ng is the son of Ms. Tsui Kwok Ying (a non-executive Director and Chairman of our Board) and Mr. Ng Wong Kwong (a member of our senior management). He is the elder brother of Ms. Ng Chung Yan May who is an executive Director.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Ng Chung Yan May (吳頌恩), aged 52, is our executive Director. Ms. May Ng is also a director of Wise Trend Engineering, Wise Trend Construction, Build Wise, United Prosperous, Grand Basework, Steer Vision and Profound Contractors. She is primarily responsible for formulating overall business development strategy, execution of daily management and administration of our business and operations of our Group.

Ms. May Ng has assumed the role of administration manager of Wise Trend Construction & Engineering Limited since September 2014. Ms. May Ng is currently a fellow member of the Association of Chartered Certified Accountants. She is also a member of the Hong Kong Institute of Certified Public Accountants since January 2003 and was accredited as an authorized supervisor to train prospective members of the Institute for the period from March 2013 to June 2019. She is registered under the Education Ordinance (Chapter 279 of the Laws of Hong Kong) as an independent manager of the Incorporated Management Committee of Sheng Kung Hui Lui Ming Choi Secondary School for the period from January 2016 to August 2019.

Ms. May Ng is the daughter of Ms. Tsui Kwok Ying (a non-executive Director and Chairman of our Board) and Mr. Ng Wong Kwong (a member of our senior management). She is the younger sister of Mr. Benjamin Ng who is an executive Director and our Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Chung Hang (邱仲珩), aged 46, is an independent non-executive Director appointed by our Company on 13 March 2018. Mr. Yau is also the chairperson of the audit committee and a member of remuneration committee and nomination committee of our Company.

Mr. Yau has over 20 years of experience in finance and accounting. Mr. Yau is currently an independent non-executive director of Shuang Yun Holdings Limited (stock code: 1706) from October 2017, a company listed on the Main Board of The Stock Exchange, which engages in roadworks services and construction machinery rental services in Singapore. Mr. Yau is also an executive director of Tokyo Chuo Auction Holdings Limited (stock code: 1939) from September 2018, a company listed on Main Board of the Stock Exchange, which engages in artwork auction business in both Japan and Hong Kong. Mr. Yau had been appointed as an independent non-executive director of ABC Communications (Holdings) Limited (now known as Ban Loong Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 30) from May 2013 to October 2014.

Mr. Yau obtained a Higher Diploma in Accountancy from the City University of Hong Kong in November 1995. He holds a degree of Bachelor of Arts in Accountancy from the University of Bolton, the United Kingdom in August 2005. He has been a fellow member of The Association of Chartered Certified Accountants since December 2006 and a member of Hong Kong Institute of Certified Public Accountants since April 2002.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Prof. Pong Kam Keung (龐錦強), aged 57, is an independent non-executive Director appointed by our Company on 13 March 2018. Prof. Pong is also the chairperson of the remuneration committee and a member of audit committee of our Company.

Prof. Pong is currently an independent non-executive director of FSM Holdings Limited (stock code: 1721) from June 2018, a company listed on the Main Board of the Stock Exchange, which is a sheet metal facilitator with a focus on precision engineering and a precision machine service provider in Singapore, an independent non-executive director of HKE Holdings Limited (stock code: 1726) from March 2018, a company listed on the Main Board of The Stock Exchange which provides integrated design and building services for hospitals and clinics in Singapore, and an independent non-executive Director of Shuang Yun Holdings Limited (stock code: 1706) from October 2017, a company listed on the Main Board of The Stock Exchange which engages in roadworks services and construction machinery rental services in Singapore. Prof. Pong is an executive director of Star Properties Group (Cayman Islands) Limited (stock code: 1560) from September 2018, a company listed on the Main Board of the Stock Exchange in Hong Kong which engages in property development of industrial building for sale and rental in Hong Kong, which Prof. Pong was a non-executive director from June 2016 to August 2018. Prof. Pong was also an executive director of Sundart Holdings Limited (stock code: 1568) from December 2015 to February 2018, a company listed on the Main Board of the Stock Exchange which engages in integrated fitting-out works in Hong Kong and Macau. Prof. Pong is also an adjunct professor in the Division of Environment of The Hong Kong University of Science and Technology from December 2013.

Prof. Pong holds a degree of Bachelor of Science in Building Surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree of Master of Science in Property Investment from the City University of London, United Kingdom in December 1993, a degree of Bachelor of Laws through a distance learning program from the University of Wolverhampton, United Kingdom in September 1995, a Postgraduate Certificate in Laws from the University of Hong Kong in June 1997, a degree of Master of Science in Urban Planning from the University of Hong Kong in December 2005 and a degree of Master of Corporate Governance from the Hong Kong Polytechnic University in October 2008. Prof. Pong is an authorised person (list of surveyors) and has renewed his registration with the Building Authority since September 2015. Prof. Pong is a certified tax adviser of The Taxation Institute of Hong Kong from January 2015. Prof. Pong has been a fellow of the Hong Kong Institute of Construction Managers since August 2016, the Hong Kong Institute of Facility Management since July 2000, the Hong Kong Institute of Surveyors since November 2000, the Chartered Institute of Arbitrators since January 2001, the Royal Institution of Chartered Surveyor since January 2006 and the Hong Kong Institute of Chartered Secretaries since October 2012.

Mr. Lo Ki Chiu (盧其釗), aged 34, is an independent non-executive Director appointed by our company on 13 March 2018. Mr. Lo is also a member of audit committee and nomination committee of our Company. Mr. Lo is currently the managing director of Wealth Property Agency Limited. He is also an independent non-executive director of Yield Go Holdings Limited (stock code: 1796) from December 2018, a company listed on the Main Board of The Stock Exchange which provides fitting-out services.

Mr. Lo holds a degree of Bachelor of Arts in Physical Education and Recreation Management from the Hong Kong Baptist University, as well as a degree of Master of Science in International Banking and Finance and a degree of Master of Philosophy in Economics from the Lingnan University. Mr. Lo is a Ph. D candidate majoring in Physical Education in the Hong Kong Baptist University which was approved in September 2015.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Ng Wong Kwong (吳宏光), aged 82, is the Technical Director of our Group. He is primarily responsible for overseeing technical engineering-related matters of our Group. Mr. Ng Wong Kwong is one of the founders of our Group and he has been appointed a director of Wise Trend Engineering since September 1996. Mr. Ng Wong Kwong has been the Technical Director and an Authorised Signatory of Wise Trend Engineering since Wise Trend Engineering has been registered in the register of the general building contractors and the register of specialist contractors maintained by the Buildings Department.

Mr. Ng Wong Kwong graduated with a Degree of Bachelor of Science in Civil Engineering from Chu Hai University, Taiwan in July 1960. He obtained membership of The American Society of Civil Engineers in May 1976. Mr. Ng Wong Kwong has accumulated over 50 years of experience in practising as an engineer in the construction industry.

Mr. Ng Wong Kwong is the spouse of Ms. Tsui Kwok Ying, our non-executive Director and Chairman of the Board. Mr. Ng Wong Kwong is also the father of Mr. Ng Chi Bun Benjamin (our executive Director and Chief Executive Officer) and the father of Ms. Ng Chung Yan May (our executive Director).

Mr. Poon Tak Wah (潘達華), aged 48, is the financial controller and company secretary of our Group. He is mainly responsible for overseeing the financial operation and overall corporate governance of our Group. Mr. Poon has been appointed a director of Wise Trend Construction & Engineering since May 2014.

Mr. Poon holds a degree of Bachelor of Arts in Accountancy and Finance from the Heriot-Watt University in the United Kingdom and a Postgraduate Diploma in Professional Accounting from the Hong Kong Baptist University. He is currently a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Accountants in England and Wales.

Mr. Fung Hing Yip David (馮興業), aged 45, is the technical manager of our Group. Mr. Fung joined our Group in May 2010 and is mainly responsible for overseeing design and construction of our projects. Mr. Fung has been appointed a director of Wise Trend Engineering since February 2016. Mr. Fung holds a Degree of Bachelor of Engineering (Civil) from The University of Warwick in the United Kingdom. Mr. Fung is a member of the Institute of Structural Engineers and is entitled to the designation of Chartered Structural Engineer in November 2000. Mr. Fung is admitted as a Chartered Civil Engineer and a member of The Institution of Civil Engineers in December 2000. He has been a Chartered Engineer since May 2001. In November 2010, Mr. Fung was admitted as a member of The Hong Kong Institution of Engineers and he has been registered in the Engineer Registration Board in the discipline of structural engineering.

Mr. Leung Kin Pong Brondson (梁健邦), aged 41, is the senior project manager of our Group. He is mainly responsible for overall design and supervision of our foundation works, managing quality management system and corresponding submission with the Government departments. Mr. Leung holds a Higher Diploma in Civil Engineering from The Hong Kong Polytechnic University and a Degree of Bachelor of Engineering in Civil and Structural Engineering from The Hong Kong Polytechnic University.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the Period (the "Financial Statements").

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands with limited liability on 29 March 2017. The Company completed the corporate reorganisation (the "Reorganisation") on 8 March 2018 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group. Details of the Reorganisation are set out in the section headed "History and Development — Reorganisation" in the Prospectus. The Shares were listed on the Stock Exchange on 29 March 2018 by way of share offer.

The Company is domiciled in Hong Kong and has a principal place of business at Offices E & F, 7th Floor, King Palace Plaza, No. 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 11 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the Period.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Period are set out in Note 11 to the Financial Statements.

BUSINESS REVIEW

The business review and outlook of the Group for the Period are set out in the section headed "Management Discussion and Analysis" on pages 4 to 6 of this annual report.

SEGMENTAL INFORMATION

Details of segment reporting are set out in Note 5 to the Financial Statements.

RESULTS

The results of the Group for the Period and the financial position of the Group as at 31 March 2019 are set out in the Financial Statements on pages 49 to 51 of this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the Period (Previous Period: Nil).

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") will be held on Friday, 2 August 2019. A notice convening the meeting will be issued and sent to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlement to attend and vote at the AGM to be held on Friday, 2 August 2019, the register of members of the Company will be closed from Monday, 29 July 2019 to Friday, 2 August 2019, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 July 2019.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risk and uncertainties identified by the Group relating to our business:

A significant portion of our revenue was generated from contracts awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial condition and operating results

A significant portion of our revenue was derived from a limited number of customers during the Period. There is no assurance that we will continue to obtain contracts from our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected. In addition, in the event that our major customers experience any liquidity problem, this may result in delay or default of payments to us, in which case, the business, financial positions and prospects of our Group could be materially and adversely affected.

Our revenue mainly relies on successful tenders of foundation works and superstructure buildings works projects which are not recurrent in nature, and there is no guarantee that our customers will provide us with the new business

During the Period, our revenue was mainly derived from foundation works and superstructure buildings works projects in Hong Kong which were awarded to us on successful tender. Our future growth and success will depend on our ability to continue to secure tender and contract awards. In addition, our business is contract-based and on a non-recurring basis. We secured our foundations works and superstructure buildings works projects through competitive tender process. We do not have long-term commitment with our customers and our customers are therefore under no obligation to award projects to us. As such, there is no guarantee that we will be able to secure new business from customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

The Group makes estimation of our project costs in our tenders and any failure to accurately estimate the costs involved and/or delay in completion of any project may lead to cost overruns or even result in losses

The Group's ability to submit tender proposal at a competitive price with adequate profit margin and maintain our profitability depends on various factors. We determine the tender price by taking into account factors including the scope and complexity of the project, site conditions, project time frame, estimated construction materials costs, labour and machinery requirement and capacity, extent of subcontracted works required, our relationship with customers and prevailing market conditions. In addition, our Group may be subject to liquidated damages due to delay in completing the projects, calculated on the basis of a fixed sum per day or according to certain damages calculating mechanism as stipulated under the contract for the period which the works remain incomplete. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or costs overruns, which in turn may materially and adversely affect our Group's financial condition, profitability and liquidity.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last 5 financial years, as set out on page 104 of this report, are extracted from this report and the prospectus of the Company dated 19 March 2018.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Period are set out in Note 13 to the Financial Statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2019 was 264,000,000 ordinary Shares of HK$0.01 per Share.

The Company did not issue any shares during the Period. Details of movements during the Period in the share capital of the Company are set out in Note 21 to the Financial Statements.

DEBENTURES

The Company did not issue any debenture during the Period.

RESERVES

Details of movements in the reserves of the Group during the Period are set out in the consolidated statement of changes in equity on page 52 of this annual report.

As at 31 March 2019, the Company has reserves amounted to approximately HK$64 million available for distribution (2018: approximately HK$68 million).

DIRECTORS

The Directors who held office during the Period and up to the date of this annual report are:

Non-executive Director
Ms. Tsui Kwok Ying *(Chairman)*

Executive Directors
Mr. Ng Chi Bun Benjamin *(Chief Executive Officer)*
Ms. Ng Chung Yan May

Independent non-executive Directors
Mr. Yau Chung Hang
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

The biographical details of the Directors are set out on pages 7 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACT

Each of the Directors has entered into an appointment contract with the Company for a term of two years commencing from the Listing Date of the Company, unless terminated by not less than one month's notice in writing served by either party on the other.

Save as disclosed above, none of the Directors, including those to be re-elected at the forth coming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to the Listing Rules. The Company considers the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts, other than the appointment contracts and employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 31 March 2019, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follow:

(i) Long position in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested	Percentage of shareholding
Ms. Tsui Kwok Ying	Interest in controlled corporation/ interest held jointly with other persons *(Note 1)*	198,000,000	75%
Mr. Ng Chi Bun Benjamin	Interest in controlled corporation/ interest held jointly with other persons *(Note 2)*	198,000,000	75%
Ms. Ng Chung Yan May	Interest in controlled corporation/ interest held jointly with other persons *(Note 3)*	198,000,000	75%

Notes:

1. These 198,000,000 Share are held by Profound Contractors Limited. Ms. Tsui Kwok Ying beneficially owns 62.5% of the entire issued share capital of Profound Contractors Limited, which in turn beneficially owns 46.875% shareholding in the Company. Therefore, Ms. Tsui Kwok Ying is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Ms. Tsui Kwok Ying is the chairman, an non-executive Director and the chairperson of the Nomination Committee of the Company. Ms. Tsui Kwok Ying is also a director of Profound Contractors Limited.

2. These 198,000,000 Share are held by Profound Contractors Limited. Mr. Ng Chi Bun Benjamin beneficially owns 25% of the entire issued share capital of Profound Contractors Limited, which in turn beneficially owns 18.75% shareholding in the Company. Therefore, Mr. Ng Chi Bun Benjamin is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Mr. Ng Chi Bun Benjamin is an executive Director and the chief executive officer of the Company. Mr. Ng Chi Bun Benjamin is also a director of Profound Contractors Limited.

3. These 198,000,000 Share are held by Profound Contractors Limited. Ms. Ng Chung Yan May beneficially owns 12.5% of the entire issued share capital of Profound Contractors Limited, which in turn beneficially owns 9.375% shareholding in the Company. Therefore, Ms. Ng Chung Yan May is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Ms. Ng Chung Yan May is an executive Director of the Company. Ms. Ng Chung Yan May is also a director of Profound Contractors Limited.

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

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Percentage of shareholding
Ms. Tsui Kwok Ying	Profound Contractors Limited	Beneficial owner	6,250	62.5%
Mr. Ng Chi Bun Benjamin	Profound Contractors Limited	Beneficial owner	2,500	25%
Ms. Ng Chung Yan May	Profound Contractors Limited	Beneficial owner	1,250	12.5%

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 March 2019, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ Interested in	Percentage of shareholding
Profound Contractors Limited	Beneficial Interest	198,000,000	75%
Mr. Ng Wong Kwong *(Note 1)*	Spouse Interest	198,000,000	75%
Ms. Tang Shuk Ngar Elli *(Note 2)*	Spouse Interest	198,000,000	75%
Mr. Tsang Wai Kuen *(Note 3)*	Spouse Interest	198,000,000	75%

Notes:

1. Mr. Ng Wong Kwong is the spouse of Ms. Tsui Kwok Ying. Accordingly, Mr. Ng Wong Kwong is deemed, or taken to be interested in all 198,000,000 Shares in which Ms. Tsui Kwok Ying is interested for the purpose of the SFO.

2. Ms. Tang Shuk Ngar Elli is the spouse of Mr. Ng Chi Bun Benjamin. Accordingly, Ms. Tang Shuk Ngar Elli is deemed, or taken to be interested in all 198,000,000 Shares in which Mr. Ng Chi Bun Benjamin is interested for the purpose of the SFO.

3. Mr. Tsang Wai Kuen is the spouse of Ms. Ng Chung Yan May. Accordingly, Mr. Tsang Wai Kuen is deemed, or taken to be interested in all 198,000,000 Shares in which Ms. Ng Chung Yan May is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executive's Interests in Securities" above and the paragraph headed "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holdings company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse of children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company of any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions/Continuing Connected Transactions" in this report and save as disclosed under the "Related Party Transactions" in Note 28 to the Financial Statements, there were no transaction, arrangement or contract of significance, to which the company any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director of any entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2019 or any time during the Period, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

Pursuant to articles of association of the Company, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance in respect of legal actions against them arising out of corporate activities and such permitted indemnity provision for the benefit of the Directors currently in force.

MAJOR SUPPLIERS AND CUSTOMERS

For the Period, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 10.2% and 42.6% (2018: approximately 15.5% and 44.8%) respectively of the Group's total purchases for the Period. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 34.3% and 88.2% (2018: approximately 20.4% and 64.5%) respectively of the Group's total revenue for the Period.

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares capital of the Company) had an interest in the Group's five largest suppliers or customers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group recognizes employees as its valuable assets. The Group provides competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary raises and promotions.

Customers

A majority of the Group's five largest customers have long-standing business relationship with the Group for a period ranging from approximately 1 to 11 years and the Group will therefore endeavor to accommodate their demand for the Group's services to the extent its resources allow in order to capture more opportunities for larger scale projects in the future. The Group's experience as a quality contractor in handling foundation works and superstructure building works also give business advantage to the Group's customers to ensure projects are executive in accordance with their quality standard.

Suppliers and subcontractors

The Group encompasses working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group has set up an approved list of suppliers and it selects the suppliers from the list based on the quality of materials, timeliness of delivery, previous experience and length of partnership with the suppliers, competitiveness of the price offered and reputation of the suppliers.

Subject to the Group's capacity, resources level, types of construction works, costs effectiveness and complexity of the projects, the Group may subcontract certain works to other subcontractors. The Group maintains an internal list of approved subcontractors and carefully evaluate the performance of its subcontractors and selects them based on the experience, quality of works, timeliness of completion for past projects, reputation in the industry, past performances, costs and the Group's relationship with them.

ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

In order to comply with the applicable environmental protection laws, we had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001 since November 2010. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. During the Period, we did not incur any material costs on environmental compliance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float as required under the Listing Rules since the Listing Date to up to the date of this annual report.

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

Neither the Company nor any of its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's redeemable or listed securities during the Period and up to the date of this report.

NON-COMPETITION UNDERTAKING

In order to avoid any possible competition between our Group and our Controlling Shareholders, namely each of Ms. Tsui Kwok Ying, Mr. Ng Chi Bun Benjamin, Ms. Ng Chung Yan May and Profound Contractors Limited, entered into a deed of non-competition with our Company (for itself and as trustee for subsidiaries of our Group) on 13 March 2018. Pursuant to the deed of non-competition, each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, as long as the deed on non-competition remains effective, he/she/it shall not, and shall procure his/her or its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, participation, management and operation of any existing business which in competition with or likely to be in competition, whether directly or directly, with the existing business activity of any member of our Group or such other business activity our Group may engage from time to time in future.

The Controlling Shareholders have confirmed to the Company of their compliance with the deed of non-competition dated 13 March 2018 for disclosure in this annual report for the respective period from 13 March 2018 to 31 March 2019 and up to the date of this annual report.

All the independent non-executive Directors are delegated with the authority to review the deed of non-competition given by the controlling shareholders. The independent non-executive Directors have reviewed the status of the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition and evaluated the effectiveness of the implementation of the deed of non-competition. They were satisfied that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them and there have not been any changes in the terms of the deed of non-competition from 13 March 2018 to up to the date of this annual report.

As of the date of this annual report, the Company confirms that each of the Controlling Shareholders has complied with the deed of non-competition from 13 March 2018 to up to the date of this annual report and is not aware of any other matters regarding the compliance of the undertakings in the deed of non-competition.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the Period and up to the date of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 28 to the Financial Statements. Those related party transactions which constitute connected transactions/continuing connected transactions under the Listing Rules are set out in the paragraph headed "Connected transactions/Continuing Connected Transactions" below. These continuing connected transactions have complied with the requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

One-off Connected Transactions

During the Period, the Group had not entered into any non-exempted one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the Listing Rules.

Continuing Connected Transactions

During the Period, the Group has the following continuing connected transaction with a connected person which is fully exempted from independent shareholders' approval, annual review and all disclosure requirements of Chapter 14A of the Listing Rules.

Wise Trend Engineering Limited ("Wise Trend Engineering") as tenant has entered into a tenancy agreement (the "Tenancy Agreement") with Top Wealthy Limited ("Top Wealthy") as landlord in relation to the office premises situated at Office E and Office F on 7th Floor, King Palace Plaza, No. 55 King Yip Street, Kowloon, Hong Kong, for a term of 2 years commencing from 25 March 2018 and ending on 24 March 2020 at a monthly rent of HK$49,925. Under the Tenancy Agreement, Wise Trend Engineering shall also be responsible for paying the relevant Government rates, management fees and air conditioning charges, which in aggregate amount of HK$12,075 per month. The monthly rent was arrived at after arm's length negotiations between Wise Trend Engineering and Top Wealthy with reference to the prevailing market rent of the surrounding comparable office premises in the vicinity of the office premises.

Top Wealthy is a company incorporated in Hong Kong on 23 August 2002 with limited liability. Top Wealthy is principally engaged in property investment. It is owned as to 62.5% by Ms. Tsui Kwok Ying, 25% by Ms. Tang Shuk Ngar Elli (the spouse of Mr. Ng Chi Bun Benjamin) and 12.5% by Ms. Ng Chung Yan May. Ms. Tsui Kwok Ying, Mr. Ng Wong Kwong, Mr. Ng Chi Bun Benjamin and Ms. Ng Chung Yan May are the directors of Top Wealthy.

As our Controlling Shareholders are shareholders and directors of Top Wealthy, Top Wealthy is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules.

During the Period, the rental expense in relation to the office premises was approximately HK$733,000 in aggregate. The Directors consider that it is desirable and in the interests of the Company and the Shareholders as a whole to continue renting the office premises from Top Wealthy. As the annual rent payable by the Group to Top Wealthy under the Tenancy Agreement (exclusive of government rates, management fees, air conditioning charges and other outgoings) will be approximately HK$599,000, each of the applicable percentage ratios (other than the profits ratio) for the transaction contemplated under the Tenancy Agreement, where applicable, is expected to be less than 5% and the annual consideration is less than HK$3 million, the transaction contemplated under the Tenancy Agreement fall within the de minimis threshold under Rule 14A.76 of the Listing Rules and are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company confirmed that it has complied with the relevant requirements in respect of the above continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the Listing Rules); and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 13 March 2018, the Company adopted a share option scheme (the "Share Option Scheme") with effect from 13 March 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarized in the Prospectus.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 13 March 2018) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting. Under the Share Option Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may select at its discretion.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the Period and up to the date of annual report, no share option has been granted, exercised, cancelled or lapsed. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 26,400,000, representing 10% of the entire issued share capital of the Company. Details of the Share Option Scheme are set out in Note 22 to the Financial Statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements that (i) will or may result in the Company issuing shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Period or subsisted at the end of the Period.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing shareholders of the Company.

REMUNERATIONS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in note 8 to the Financial Statements.

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Period.

EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Scheme".

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance, the results of the Group and comparable market practices.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 23 to 33 of this annual report.

DISCLOSURES UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

As at 31 March 2019, the Group had no circumstances which would give rise to a disclosure obligation under Rule 13.20 to 13.22 of the Listing Rules.

COMPLIANCE ADVISER'S INTEREST

As notified by the Company's compliance adviser, Grande Capital Limited (the "Compliance Adviser"), as at 31 March 2019, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 28 February 2018, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited Financial Statements for the Period.

AUDITORS

HLB Hodgson Impey Cheng Limited has acted as the auditors of the Group for the Period. The Financial Statements have been audited by HLB Hodgson Impey Cheng Limited, who shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for their re-appointment as auditors for the coming year will be proposed at the forthcoming AGM. There is no change in auditors since the Listing Date.

By order of the Board

TSUI Kwok Ying
Chairman and Non-Executive Director

Hong Kong, 31 May 2019

CORPORATE GOVERNANCE REPORT

The Board is committed to high standard of corporate governance with a view to safeguarding the interests of the Shareholders and achieving accountability as the Group recognises the importance of maximising shareholders' value through effective corporate governance procedures.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions (the "Code Provisions") as set out under the Corporate Governance (the "CG Code") contained in Appendix 14 to the Listing Rules. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time. During the period from the Listing Date up to the date of this annual report, the Company has complied with all the applicable code provisions of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to specific enquires by the Company, all Directors have confirmed that they have fully complied with the requirements set out in the Model Code during the year and up to the date of this annual report.

The senior management and staff have been individually notified and advised about the Model Code by the Company.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices; (b) training and continuous professional development of Directors and senior management; (c) the Company's policies and practices on compliance with legal and regulatory requirements; (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage will be reviewed on annual basis.

Directors' Training and Professional Development

All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure their compliance with these requirements and enhance their awareness of good corporate governance. All Directors and employees of the Group are encouraged to attend relevant training courses to keep abreast of the latest market and regulatory changes and developments. The Board may seek independent professional advice in appropriate circumstances, at the Company's expenses, in order to assist and ensure the Directors can duly discharge their duties.

In compliance with Code Provision A.6.5 of the CG Code, the Company has allocated and provided funding to all Directors to participate in continuous professional development organized in the form of seminars and in house training and/or to provide relevant reading materials on the latest development of applicable laws, the Listing Rules and corporate governance practices.

All Directors confirmed that they have complied with the CG Code provision A.6.5. During the Period, all Directors, namely, Ms. Tsui Kwok Ying, Mr. Ng Chi Bun Benjamin, Ms. Ng Chung Yan May, Mr. Yau Chung Hang, Mr. Pong Kam Keung and Mr. Lo Ki Chiu, have participated in continuous professional development by attending seminars, courses or conferences or read related materials to develop and refresh their knowledge and skills.

THE BOARD

Role and Function

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operations of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of references. Further details of the Board Committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

Composition

As at the date of this annual report, the Board is chaired by Ms. Tsui Kwok Ying and currently comprises six members, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The list of Directors is set out in the section headed "Directors' Report" on page 13 of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 7 to 9 of this annual report. Save for (i) Ms. Tsui Kwok Ying is the mother of Mr. Ng Chi Bun Benjamin and Ms. Ng Chung Yan May; (ii) Ms. Tsui Kwok Ying is the spouse of Mr. Ng Wong Kwong, a member of our senior management; (iii) Mr. Ng Chi Bun Benjamin and Ms. Ng Chung Yan May are the son and daughter of Ms. Tsui Kwok Ying and Mr. Ng Wong Kwong, the Directors have no financial, business, family or other material or relevant relationship with each other.

Board Diversity Policy

The Board has adopted a board diversity policy ("the Board Diversity Policy"), with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The diversity policy is reviewed annually by the nomination committee of the Company to ensure effectiveness and revisions will be made with the approval from the Board when considered appropriate.

Chairman and Chief Executive Officer

In order to ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Ms. Tsui Kwok Ying is the chairman and Mr. Ng Chi Bun Benjamin is the chief executive officer. The primary role of the chairman is to provide strategic advice and guidance on the business and operation of the Group. The chief executive officer is responsible for the overall business development, project planning, budgeting, contract administration, overseeing execution of projects and managing quality management system of the Group. The Chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

Independent Non-executive Directors

During the Period, the Company has three independent non-executive Directors representing more than one-third of the Board, which is in compliance with the rules 3.10(1) and 3.10(2) for the Listing Rules. All of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise. No less than one third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the amended and restated memorandum and articles of association of the Company (the "Restated Articles").

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

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

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 13 March 2018. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group.

Each of the executive, non-executive and independent non-executive Directors has entered into a contract for appointment with the Company for a term of two years from the Listing Date and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Restated Articles.

According to the Restated Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with article 108(a) of the Restated Articles of the Company, at each annual general meeting, at least one third of the Directors for the time being, or, if the number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Nomination Policy

The Board has adopted a Nomination Policy on 31 December 2018 which sets out the criteria and process in the nomination and appointment of directors of the Company, aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure the Board's continuity and appropriate leadership. The Nomination Committee shall identify candidates who are qualified/suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The selection of candidates will be based on a range of selection criteria as set out in the Nomination Policy, including but not limited to, character and integrity, qualification, potential contributions the candidate can bring to the Board in terms of qualifications, skill, experience, independence and gender diversity, the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

For the appointment of directors, the Nomination Committee will first identify individual(s) suitably qualified to become Board members and assesses the independence of the proposed independent non-executive director(s). Then, the Nomination Committee will make recommendation to the Board for the Board to consider, having regard to the Board Diversity Policy and the Nomination Policy. The Board will confirm the appointment of the suitable candidate or recommend the candidate to stand for election at a general meeting of the Company. The candidate(s) who is/are appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by shareholders of the Company at the next annual general meeting after initial appointment in accordance with the Articles of Association.

For the re-appointment of directors, the Nomination Committee will also consider the retiring directors based on the Board Diversity Policy and the Nomination Policy, and assess their independence before the Nomination Committee makes recommendation to the Board to consider. After the Board considers each retiring director, the Board will recommend the suitable retiring director(s) to stand for re-election at the annual general meeting in accordance with the Articles of Association. The Shareholders will approve the re-election of directors at the annual general meeting.

The Nomination Committee shall review the structure, size, composition (including skills, knowledge, experience and length of service) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as operation and financial performance of the Group. The company secretary of the Company (the "Company Secretary") assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and regular board meetings should be held at least four times per year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the period, the Board held four Board meetings and one general meeting were held. The attendance record of each member of the Board of the Board meetings is set out below:

Name of Director	Meetings attended/ number of general meetings attended	Meetings attended/ number of Board meetings
Executive Directors		
Mr. Ng Chi Bun Benjamin *(Chief Executive Officer)*	1/1	4/4
Ms. Ng Chung Yan May	1/1	4/4
Non-executive Director		
Ms. Tsui Kwok Ying *(Chairman)*	1/1	4/4
Independent non-executive Directors		
Mr. Yau Chung Hang	1/1	4/4
Mr. Pong Kam Keung	1/1	4/4
Mr. Lo Ki Chiu	1/1	4/4

Access to Information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Directors requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

BOARD COMMITTEES

In accordance with the Restated Articles and the Listing Rules, the Board has established Board Committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined terms of reference relating to their respective authorities and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange, and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee on 13 March 2018 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference (which have been revised and adopted by the Board on 31 December 2018) in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yau Chung Hang, Mr. Pong Kam Keung and Mr. Lo Ki Chiu. Mr. Yau Chung Hang currently serves as the Chairperson of the Audit Committee.

The primary responsibilities of the Audit Committee include: (i) to make recommendations to our Board on the appointment, reappointment and removal of external auditors; (ii) to review and monitor the external auditors' independence and objectivity; (iii) to review the effectiveness of the Company's internal audit activities, internal controls and risk management systems, (iv) to develop and implement policy on engaging external auditor to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) to monitor the integrity of the financial statements and the annual report and accounts and half-year report and to review significant financial reporting judgments contained in them.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Period, the Audit Committee has held two meetings to review the annual and interim financial results of the Group for submission to the Board for approval, review the internal control and risk management systems of the Group, oversee the audit process and make recommendation on the re-appointment of the external auditors. During the Period and up to the date of this annual report, there had been no disagreement between the Board and the Audit Committee.

The attendance record of each member of the Audit Committee during the Period is set out below:

Audit Committee	Meeting attended/ Eligible to attend
Mr. Yau Chung Hang *(Chairperson)*	2/2
Mr. Pong Kam Keung	2/2
Mr. Lo Ki Chiu	2/2

Nomination Committee

The Company established the Nomination Committee on 13 March 2018 with written terms of reference (which have been revised and adopted by the Board on 31 December 2018) in compliance with the CG code. The Nomination Committee consists of three members, namely Ms. Tsui Kwok Ying, Mr. Yau Chung Hang and Mr. Lo Ki Chiu. Ms. Tsui Kwok Ying currently serves as the Chairperson of the Nomination Committee.

The primary responsibilities of the Nomination Committee include: (i) to review the structure, size, composition and diversity of our Board with the Board Diversity Policy at least annually; (ii) to identify individual suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or senior management.

The Nomination Committee has held one meeting during the Period to review the structure, size and composition (including the skill, knowledge and experience) of the Board, the board diversity policy, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposal of re-appointment of Directors at the forthcoming AGM.

The attendance record of each member of the Nomination Committee during the Period is set out below:

Nomination Committee	Meeting attended/ Eligible to attend
Ms. Tsui Kwok Ying *(Chairperson)*	1/1
Mr. Yau Chung Hang	1/1
Mr. Lo Ki Chiu	1/1

Remuneration Committee

The Company established the Remuneration Committee on 13 March 2018 in compliance with Rule 3.25 of the Listing Rules with written terms of reference (which has been revised and adopted by the Board on 31 December 2018) in compliance with the CG Code. The Remuneration Committee consists of three members, namely Mr. Pong Kam Keung, Mr. Yau Chung Hang and Mr. Ng Chi Bun Benjamin. Mr. Pong Kam Keung currently serves as the Chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include: (i) to review and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) to make recommendation to the Board on the remuneration of independent non-executive Directors; (iii) to review and make recommendations to our Board on other remuneration-related matters, including benefits-in-kinds and their compensation payable to our Directors and senior management; (iv) to review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; and (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

During the Period, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
Up to HK$1,000,000	3
HK$1,000,001 to up to HK$2,000,000	1

Further details of the remuneration of the Directors and the 5 highest paid employees is set out in note 8 to the Financial Statements.

During the Period, the Remuneration Committee held one meeting for reviewing the performance and remuneration packages of individual Directors and senior management.

The attendance record of each member of the Remuneration Committee during the Period is set out below:

Remuneration Committee	Meeting attended/ Eligible to attend
Mr. Pong Kam Keung *(Chairperson)*	1/1
Mr. Yau Chung Hang	1/1
Mr. Ng Chi Bun Benjamin	1/1

AUDITORS' REMUNERATION

The Audit Committee of our Company is responsible for considering the appointment and re-election of our Company's external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to our Company.

For the Period, the remunerations paid/payable to the external auditors, HLB Hodgson Impey Cheng Limited, in respect of its audit services and non-audit services were approximately HK$998,000 and approximately HK$220,000 respectively.

COMPANY SECRETARY

The Company has appointed Mr. Poon Tak Wah as the company secretary. Mr. Poon has confirmed that for the Period, he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Poon is set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the Financial Statements of the Group and to ensure the Financial Statements are prepared in a manner which give a true and fair view of the state of affairs of the Group as a going concern and are in compliance with the relevant accounting standards and principals, applicable laws and disclosure provisions required of the Listing Rules. In presenting the Financial Statements, announcements and other financial disclosures required under the Listing Rules, our Directors aim to present a balanced, clear and understandable assessment of the position and prospects of the Group. Our Directors are of the view that the financial statements of the Group for the Period has been prepared on this basis. Our Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Group regarding their reporting responsibilities on the Financial Statements of the Group is set out in the section headed "Independent Auditors' Report" on pages 45 to 48 of this annual report.

DIVIDEND POLICY

The Company has set up a dividend policy (the "Dividend Policy") on 31 December 2018 with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders of the Company. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

(a) the Company's operating results, actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(f) the Group's liquidity position;

(g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board may deem appropriate and relevant.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness. The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavors to identify risks, control impact of the identified risk and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organisations of Treadway Commission (COSO) — Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risk affecting the business. Each division is responsible for identifying and assessing principal risks within its divisions and establishing mitigation plans to manage the risks identified. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending meetings with each division to ensure principal risk are properly managed, and new or changing risks are identified and documented. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls systems.

The Group does not have an internal audit department. The Group has conducted an annual review on whether there is a need for such an internal audit department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. The Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Group has engaged an external consultant, CT Partners Consultants Limited, for internal control to conduct review on the internal control system of our Group during the Period. The review covers the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website of www. wangyang.com.hk; where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website in a timely fashion.

The forthcoming AGM of the Company will be held on Friday, 2 August 2019. The notice of the AGM, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to shareholders at least 21 days before the AGM.

SHAREHOLDERS RIGHTS

Procedures for Convening General Meeting by Shareholders

The general meeting of our Company provides an opportunity for communication between the Shareholders and the Board. At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands, in accordance with Article 72 of the Restated Articles of the Company. The chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Pursuant to Article 64 of the Restated Articles, Shareholders can make a requisition to convene an extraordinary general meeting ("EGM"). The procedure of the Shareholders to convene an EGM are as follows:

1. any one or more shareholders (the "Requisitionist") holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

2. such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedure for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow Article 64 of the Restated Articles for including a resolution at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedure for Convening general Meetings by Shareholders".

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of our Group at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "Proposal") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong as set out in the section headed "Corporation Information" in this annual report in the manner set out above.

The request will be verified with our Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

— at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.

— at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

Procedures by which enquiries may be put to the Board

For matters in relation to the Board, shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal place of business set out in the section headed "Corporation Information" in this annual report or by fax to (852) 2542-4980.

For share registration related matters, such as share transfers and registrations, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong
Tel: (852) 2153-1688
Fax: (852) 3020-5058

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report highlights the initiatives and efforts of Wang Yang Holdings Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group") in fulfilling their commitment to sustainable development and corporate social responsibility in the course of their business. For the year ended 31 March 2019 (the "Reporting Period"), the Group and its subsidiaries were engaged as a contractor in Hong Kong undertaking (i) foundation works, which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works, which include building works in relation to the parts of the structure above ground level; and (iii) other construction works, such as demolition, site-formation, ground-investigation, minor-job, hoarding, alteration and addition works, as well as fitting-out works.

During the Reporting Period, the Board of Directors supervised our strategies, policies and reports on sustainable development, monitored continuous compliance, and sought to improve operation of the Group by improving the efficiency of business operations and resource utilisation, and by taking environmental protection measures to realise its sustainable development, thus improving the Group's performance in the sustainable development arena.

REPORTING SCOPE AND STANDARDS

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board set by The Stock Exchange of Hong Kong Limited ("HKEX"). The Group has complied with all the "comply or explain" provisions set out in the ESG Guide for the Reporting Period. The information in this ESG Report is based on the Group's official documents and statistical data, as well as on an integration and summary of monitoring, management and operational information provided by subsidiaries of the Group. The corporate governance practices of the Group are set out in the Corporate Governance Report from pages 23 to 33 of the annual report.

MATERIALITY ASSESSMENT

The on-going dialogues with our stakeholders assist us in identifying if there are any material sustainability issues facing the Group. We will continue to identify areas of improvement where relevant and stay in close communication with stakeholders, to further enhance our environmental, social and governance management. With the identified areas of improvement, we aim to holistically integrate our values and corporate responsibility commitments into our business model and company culture, which in turn will support our growth in the long run.

PROTECTING THE ENVIRONMENT

Given the nature of our business, our operations inevitably cause air and noise pollution, safety issues and inconvenience to parties involved and neighbouring communities. As a responsible corporation, we are committed to promoting sustainability in terms of both business development and impact on the environment. We embrace principles and practices that help to promote a sustainable future, by introducing environmentally friendly business practices, raising employee awareness of environmental protection and complying with relevant environmental laws and regulations.

In addition, "BEAM Plus" eco-friendly certification has been implemented at some of our projects, according to our customers' requirements. Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. By providing a fair and objective assessment of a building's overall performance throughout its life cycle, BEAM Plus enables us to demonstrate our commitment to sustainable development.

As our commitment to demonstrating environmental management, we have also established an environmental management system ("EMS") accredited with ISO 14001:2015 standard certification by the Hong Kong Quality Assurance Agency ("HKQAA"). To meet the ISO 14001:2015 requirements and BEAM Plus standards, the Group has developed environmental management policies and procedures to improve its ability to efficiently identify, minimise, prevent and manage environmental impact as it arises, thereby reducing the associated risks.

During the Reporting Period, we participated in the Green Construction Site competition organised by our client and received a Certificate of Participation in the 5th Green Construction Site Award in recognition of our green construction practices.

EMISSIONS

Climate change is gradually affecting our daily life, and greenhouse gases ("GHG") are seen as one of the major factors leading to climate change and global warming. As the Group is principally engaged in the construction industry, it is inevitable that our operational activities impact on our environment. Impact from our daily business activities mainly comprises GHG emissions, noise, waste and effluents during project execution. To meet the challenge of climate change, and to minimise these impacts, the Group implements industry-standard measures and continues to seek practical means of mitigation in our operations.

Construction materials such as sands and cements stored outdoors as well as dust from exposed construction areas are easily scattered in dry and windy weather. To mitigate this, all dusty stockpiled materials are covered with tarpaulin or fabric sheets, and the area is watered properly or enclosed with dust screens where dust-generating activities take place.

In accordance with the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation, all our machineries used on site are approved or exempted from the Environmental Protection Department ("EPD").

For the Reporting Period, air emissions generated by the Group were as follows:

	Unit	2018/19	2017/18*
Emissions data from Vehicles			
Nitrogen Oxide (NO_x)	tonne	**71.79**	85.18
Sulphur Oxide (SO_x)	kg	**0.37**	0.25
Particulate Matter (PM)	kg	**6.57**	7.84

For the Reporting Period, GHG emissions generated by the Group were as follows:

		Unit	2018/19	2017/18*
Direct emission (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	**59.82**	41.03
	Methane (CH_4)	kg	**60.00**	50.00
	Nitrous oxide (N_2O)	tonne	**4.00**	3.73
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	**47.51**	41.70
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	**5.58**	5.28
Electricity used for processing fresh water and sewage by government department	Carbon Dioxide (CO_2)	tonne	**1.97**	0.90

* Those key performance indicators ("KPIs") related to air emissions and GHG emissions in FY2017/18 were updated in this table after review. The corresponding emission figures were revised to correct a misinterpretation.

WASTE MANAGEMENT

Since we are engaged in the provision of construction services, it is anticipated that significant amounts of construction and demolition materials ("C&D materials") will be generated from our operating activities (i.e. site-formation works, foundation works and building construction and superstructure works). C&D materials consist of general inert and non-inert waste. Over 90% of construction waste is inert, including rubble, earth and concrete, and is suitable for land reclamation and site formation. The non-inert substances include bamboo, timber, vegetation, packaging waste and other organic materials. In contrast to public fill, non-inert waste is not suitable for land reclamation or subject to recovery of reusable and recyclable items, and is disposed of at landfills.

Under the Group's current practice, construction waste is sorted and segregated into inert waste and non-inert waste at our project sites. Recyclable inert waste is used as sub-base for access roads and footpaths. If applicable, excavated soil is used for backfilling to minimise the quantity of waste disposal. Unsuitable inert waste is disposed of at the public fill reception facilities operated by the Civil Engineering and Development Department.

Suitable facilities have also been provided at the Group's head office, to encourage employees to sort and recycle wastes to achieve the objective of mitigating wastes, and reusing and recycling in daily operations. Examples include designated areas to collect used paper, plastic bottles and cans for recycling purposes, and arranging for an authorised recycling company to collect toner cartridges. The Group maintains high standards in waste reduction, educates its employees in the significance of sustainable development and provides relevant support to enhance their skills and knowledge in sustainable development.

For the Reporting Period, the amount of non-hazardous waste produced by the Group was as follows:

	Unit	2018/19	2017/18
Total Construction waste	tonne	**15,447.60**	13,094.10
Construction waste intensity	tonne/construction site	**617.90**	396.79

* Those KPIs related non-hazardous waste in FY2017/18 were updated in this table after review. The corresponding figure was revised to correct a misinterpretation.

Given the nature of our business of undertaking foundation, superstructure and other construction works, no significant hazardous waste was generated from our operations during the Reporting Period.

USE OF RESOURCES

The Group's major use of resources includes energy and water consumption. For energy use, both offices and project sites consume electricity and fuels for vehicle use. Fuel consumption is mostly involved with equipment operation and ground transportation during delivery, while electricity consumption mainly comes from office use.

The Group understands that every procedure in construction work has the potential to cause adverse environmental impact. So management is in constant pursuit of green solutions. Great emphasis has been put on efficient consumption by stepping up maintenance of construction equipment and optimising operational standards. Also, to promote a culture in which employees follow good practice regarding the Group's resources-friendly measures, a variety of energy conservation and pollution reduction measures have been implemented in offices and construction sites, as follows:

Office
- Setting and maintaining average room temperatures at 24–26°C;
- Switching office equipment (e.g. printers, computers and monitors) to sleep mode when they are idle;
- Installation of energy-friendly electrical appliances and devices, including LED lighting and computers;
- Giving priority in purchasing electrical appliances to those with energy efficient labelling (i.e. Grade 1 — the most energy efficient in the market);and
- Dividing lighting systems into small zones, enabling a more flexible approach towards energy saving.

Site
- Switching off non-essential lighting as well as idle machinery and equipment;
- Enhancing the maintenance and overhauling procedures, to maintain all equipment in optimal condition for effective use of energy; and
- Using various communications channels (posters, signs and memos) for promoting energy conservation to raise construction workers' awareness.

We will keep improving the effectiveness of our electrical energy conservation measures, as well as the efficiency of electrical energy consumption in the coming years.

During the Reporting Period, the Group encounters no issues in sourcing water that is fit for purpose. Apart from office operation, the major source of the Group's water consumption is our construction segment. To promote water conservation, the Group has various water conservation measures in offices and project sites. We encourage all employees and our sub-contractors to develop the habit of consciously conserving water. At our construction sites, wastewater is collected and properly treated by onsite wastewater treatment facilities, and then reused for dust suppression and vehicle wheel washing or ground mud, to reduce fresh water consumption. In addition, we regularly assess our utility facilities. Water seepage or leaking pipelines must be repaired or replaced on a timely basis, to prevent the waste of freshwater. Since there were a few of our construction projects commenced at the end of 2017 and continued to be working in progress during the Reporting Period, therefore the KPIs in relation to resources consumption were significantly increased.

For the Reporting Period, resources consumption by the Group were as follows:

	Unit	2018/19	2017/18*
Electricity Consumption	kWh	**72,919.22**	64,945.96
	kWh/employee	**1,736.17**	1,411.87
Water Consumption	m^3	**3,335.26**	1,512.36
	m^3/employee	**79.41**	32.88

* Those KPIs related to resources consumption in FY2017/18 were updated in this table after review. The corresponding figures were revised to correct a misinterpretation.

During the Reporting Period, the Group's operations did not involve significant use of packaging materials.

ENVIRONMENT AND NATURAL RESOURCES

In compliance with applicable environmental legislation, the Group expects its business operations to have minimal direct impact on the environment and natural resources. For the sake of compliance with relevant laws and regulations, we regularly assess the environmental risks of our operations and adopt preventive measures as necessary. For instance, office paper for in-house printing is with Forest Stewardship Council ("FSC") certification. Documents recorded in soft copy format and email transmission are encouraged for reducing paper usage. The FSC, a rigorous, credible forestry certification system, sets standards for responsible forest management. The FSC tracks the entire process affecting wooden products from the forest to the consumer. It develops standards for well-managed forestry and for the chain of custody for wood-processing, to ensure legal and sustainable wood sourcing. FSC guarantees that paper comes from a responsibly managed forestry process and supply chain.

With the implementation of the measures mentioned above, the Group believes that the objectives of energy conservation, waste reduction and green office promotion can be achieved. Since buildings account for a significant portion of our total energy consumption and GHG emissions, we fully understand our role as contractor, and will continue to look for opportunities to reduce further emissions and waste to minimise the impact on the environment and natural resources caused by its operations.

During the Reporting Period, the Group complied with all relevant environmental laws and regulations in Hong Kong, including but not limited to the Air Pollution Control Ordinance (Cap. 311), Waste Disposal Ordinance (Cap. 354), Water Pollution Control Ordinance (Cap. 358), Noise Control Ordinance (Cap. 400), Dumping at Sea Ordinance (Cap. 466), Environmental Impact Assessment Ordinance (Cap. 499) and other regulations promulgated by governments and currently applicable to the Group, as well as environmental requirements of customers.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and land, and generation of hazardous and non-hazardous waste.

EMPLOYMENT AND LABOUR PRACTICES

The Group places high priority on compliance with relevant laws and regulations in the jurisdictions in which it operates, and the relevant administrative rules and measures are strictly enforced. We ensure employment and labour practices are implemented according to anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57), the Minimum Wage Ordinance (Cap. 608) and the Mandatory Provident Fund Schemes Ordinance (Cap. 485), Laws of Hong Kong, as well as industry features and practices. The Group sincerely safeguards the legitimate interests of labour in accordance with the requirements of all applicable laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights to various types of rest times and holidays.

The Group complies strictly with local laws and regulations, by adopting a fair, just and open recruitment process and developing relevant rules to eliminate discrimination regardless of race, gender, colour, age, family status, ethnic tradition, religion, physical fitness or nationality, thus allowing fair treatment in every aspect including recruitment, promotion, dismissal, remuneration, benefits, training and development, to attract professionals with diverse backgrounds to join the Group. Employees are encouraged to report any unlawful discrimination or any form of harassment. The Group investigates cases expeditiously and takes appropriate corrective actions once the allegations have been confirmed.

The Group recognises employees as one of the most valuable assets and its core competitive advantage, and therefore provides employees with good promotion prospects. With the aim of rewarding and motivating employees for their contribution and performance, and assisting them in their career development and promotion within the Group, a performance appraisal system to regularly review staff performance and remuneration has been established. With reference to the prevailing market standards, salary increments of our employees are reviewed annually on a performance basis.

Employment contracts are signed between all employees and the Group covering matters such as wages, benefits and grounds for termination. The Group's remuneration policies and benefit plan are reviewed by the management on a regular basis. It grants discretionary bonuses to qualified employees based on operational results and individual performance.

Open communication is an important element in achieving effective workplace management. We believe proper communication with employees can help employees understand business strategies and the future development of the Group. All employees are welcome to make comments and suggestions through various communication channels, such as letters, email or reports to their direct supervisors or department heads. Information, opinions and suggestions gathered are followed up and raised for discussion with senior management.

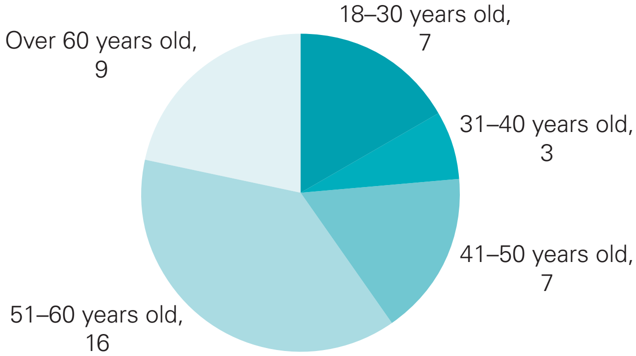
Staff Composition

The Group is principally engaged in construction services, which demands physical strength. Hence, traditionally male employees are a majority in the workforce of the construction business. However, the Group has also committed to striking a balance between male and female employees in its working environment, and providing equal opportunities for different genders.

As at 31 March 2019, we employed a total of 42 staff, including back office and site staff. All our staff members are located in Hong Kong.

Employees by Gender

Employees by Age Group



Employees by Employment Category

Staff Turnover

During the Reporting Period, the Group has a turnover rate of approximately 6%. The employee turnover rate by gender is rather low, with 7% for our male staff and none of our female staff left the Group.

During the Reporting Period, employee turnover categorised by age was as follows: 14% of those in the 18 to 30 years bracket left the Group, 71% of those from the 41 to 50 bracket, 13% from the 51 to 60 bracket, and 11% of those are over 60 years old. None of those from the 31 to 40 bracket left the Group.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment or promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination or other benefits and welfare.

HEALTH AND SAFETY

Recognising that construction is one of the higher risk industries in terms of occupational health and safety ("OHS"), we put safety first and are committed to maintaining a workplace which is safe for our people. The Group proactively works to reduce injury risks and occupational diseases by establishing occupational health and safety management systems accredited with OHSAS 18001:2007, certified by HKQAA, as well as organising safety training for its workforce. At the workplace, sufficient first-aid kits are in place, and regular checking and maintenance of machines, equipment and fire extinguishers are conducted to safeguard employees' health and safety.

As there are machineries and other equipment in the construction sites, employees will be more prone to industrial accidents. Hence, we are determined to ensure that all construction works are carried out high health and safety standards in construction. The Group aims to ensure a safe occupational environment and manage health and safety risk at our project sites. Warning signs are posted in prominent positions, detailing potential health impact, handling procedures and preventive measures. Personal protective equipment such as safety helmets, safety goggles, safety shoes and reflective clothing are provided and are required for all personnel who work at project sites.

Relevant OHS training is provided to our staff and workers, such as safety induction training, safety toolbox talks, specific training for high-risk activities and periodic contingency drills to heighten employee awareness of workplace hazards and ensure they are competent to discharge their OHS responsibilities and obligations and respond to emergencies. Regular safety inspections of our project sites are carried out by our Safety Officer to ensure that the Group's existing business operations and working procedures are compliant with health and safety standards. The Safety Officer regularly reviews and checks for updates of relevant laws, and performs inspections to ensure prompt corrections are made to prevent incidents.

The Group will continue to optimise its work practices and daily management for the sake of staff health and safety, with the aim of creating a safe, healthy and comfortable working environment. To this end, our operations are fully complied with applicable laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509), Employees' Compensation Ordinance (Cap. 282) and Factories and Industrial Undertakings Ordinance (Cap. 59), Laws of Hong Kong.

For the Reporting Period, the work injury statistics for the Group were as follows:

Work Injury Statistics	Unit	2018/19
Number of work-related fatalities	Number of People	0
Rate of work-related fatalities	Percentage	0
Number of reported accidents (sick leave > 3 days)	Case	4
Lost days due to work injury	Day	294

During the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

DEVELOPMENT AND TRAINING

The Group is aware of the value and contribution of its employees, and is willing to invest in and offer training and development courses for them to enhance their capabilities. We are committed to providing career development platforms for our employees where everyone can achieve their career goals.

In line with our commitment to providing adequate training opportunities to enhance employees' knowledge and skills, the Group frequently arranges for experienced staff to provide directional advice and guidance to junior staff, and sponsors employees to attend work-related external training programs to enrich their business expertise, competencies and skill sets for their career development. Such arrangements can enhance communication and team spirit, and also improve their technical skills and managerial capability and encourage employees at all levels to learn and further develop themselves. New recruits receive induction training to help them adapt to the working environment as quickly as possible, and ensure that employees have the knowledge and expertise needed to perform their duties.

The Group also acknowledges the importance of performance appraisal for employees. On an annual basis, performance appraisal is conducted between management and employees for continuous improvement. Employees are able to consult with and seek professional advice from their supervisors on their personal career development training.

LABOUR STANDARDS

The Group respects human rights and freedom highly, and strictly prohibits the uses of child and forced labour in our workplace, by adhering to the Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance (Cap. 57), Laws of Hong Kong. Comprehensive recruitment procedures are in place to check and the age of applicants is verified before commencement of work. Prior to confirmation of employment, the Group's human resources staff requires job applicants to provide valid identity documents to ensure that applicants are lawfully employable. Important details such as job duties, locations and working hours are also set out clearly in the employment contract to protect employee rights and interests, and forced labour is strictly prohibited. To align with the relevant laws and regulations, employment arrangements encompassing working environment, terms of employment, working hours, rest days and holidays are subject to periodic review.

For the year ended 31 March 2019, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to preventing child and forced labour.

SUPPLY CHAIN MANAGEMENT

The Group values the partnership with suppliers and sub-contractors and works together to promote sustainable development of the industry. The Group has been continuously optimising and improving its supplier management system, regulating access, supervision and evaluation of suppliers and sub-contractors, and constantly increasing specialisation and transparency of supply chain management.

We adhere to the principle of openness, fairness and transparency in supplier selection through the implementation of a robust procurement and tendering mechanism, and select reliable and competent business partners from potential organisations. When selecting suppliers and sub-contractors, the Group evaluates them by considering factors such as their quality, cost, scale of business and reputation. The Group undertakes regular reviews to ensure that business partners do not cause significant negative impact on the environment and society. If any significant negative environmental or social impact is found to be caused by its selected suppliers or sub-contractors, the Group may consider terminating cooperation with them.

As supplier and contractor management is a crucial component of the Group's quality control, the Group stringently manages suppliers and sub-contractors, to avoid any inferior materials being acquired, and adopts strict quality control over the production and construction process. In this regard, a list of approved suppliers and sub-contractors is maintained by the Company. We only select suppliers and appoint sub-contractors from this approved list, unless individually reviewed and approved by management or specifically requested by the client.

During the Reporting Period, we have cooperated with 70 suppliers and all our suppliers were located in Hong Kong. Looking ahead, the Group aims to promote local economic development and reduce its carbon footprint, by prioritising local suppliers by shortening the distance of transportation. In addition to geographical factors, we expect our suppliers to maintain sound social responsibility systems on managing environmental and social aspects, including environmental protection, human rights and product responsibility.

PRODUCT RESPONSIBILITY

The Group strives to meet clients' demands and expectations by maintaining high standards of services and product quality. To meet the demand of our clients, the Group has developed an internal management system and closely monitors its project execution process, with the aim of rendering premium and reliable services to our clients.

We have established and implemented a quality management system ("QMS") in our operations, which are in conformity with the internationally recognised ISO 9001:2015 standard, as certified by HKQAA. This system helps us to comply with the relevant laws, regulations and contractual obligations applicable to our products and services; control quality issues systematically to enhance our customers' satisfaction as well as continuously improve quality performance in our operations. The Group also provides adequate training to all levels of employees, to raise their awareness of QMS in their areas of responsibility.

To ensure the quality of materials provided by suppliers, inspections are performed by our site agents on materials deliveries at project sites. In case of any quality issues, suppliers will provide replacement or exchange services after negotiation. The Group also maintains ongoing communication with its clients to ensure understanding and satisfaction of their demands and expectations, as well as constantly improving its services.

During the Reporting Period, we received no complaints or claims from our customers arising from quality issues in the work performed either by us or our sub-contractors, which in the view of Directors was the result of effective quality control measures.

In the ordinary course of our business, we get almost no access to the personal information of our clients or confidential information of enterprises. However, we respect the privacy of our clients and maintain a high level of data security and confidentiality. In compliance with the Personal Data (Privacy) Ordinance (Cap. 486), Laws of Hong Kong, we ensure that all business data collected from our clients is treated as strictly confidential and properly dealt with by our staff. Our clients' data can only be accessed by designated personnel, to protect it against improper disclosure, misuse or unauthorised use, loss, damage or corruption.

Regarding intellectual property, employees are also required to avoid having unlicensed computer software on their computers at the workplace. The Group complies with intellectual property ("IP") right regulations to protect the interests of the Group and our clients, and requires our suppliers to comply with IP rights to ensure confidentiality and integrity.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

We believe in fairness and honesty in business and do not tolerate corruption, bribery, money-laundering or other fraudulent activities in connection with any of our business operations. The Group strictly adheres to relevant regulations and laws, such as the Prevention of Bribery Ordinance (Cap. 201) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), Laws of Hong Kong.

To prevent any negative social impact linked to corruption, it is the Group's policy that all forms of fraud and corruption, such as bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks or other disallowed advantages are strictly prohibited, and all employees of the Group must comply with all the applicable anti-corruption laws and regulations. Related information on anti-money laundering is provided to employees to raise their awareness in this regard.

To facilitate identification of suspected cases of corruption, money laundering and other misconduct, the Group has developed a Whistle-Blowing Policy document in the staff handbook which encourages disclosure of relevant information via a confidential reporting channel available to all employees. In the event that they identify any irregularities, staff may report to relevant senior management. All employees who report in good faith are reasonably protected from retaliation or adverse consequences in their employment regardless of whether the allegation is substantiated. The Group is committed to handling the reports with due care, and to conducting a serious detailed investigation into each reasonably established report. Additionally, the Group is fully aware that it is obligated to refer the matter to the legal enforcement parties or regulators if deemed necessary.

The tendering process is vital to our business. All tendering documents are kept confidential and restricted to concerned parties only. Tendering must be done in a fair manner to protect the interests of the Group and our clients. Employees responsible for tendering must comply with the Competition Ordinance (Cap. 619), Laws of Hong Kong, and refrain from exchanging or communicating any sensitive information with competitors, participating in price fixing, imposing restrictions on clients or abusing a dominant market position.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud or money laundering.

CONTRIBUTING TO THE COMMUNITY

We endeavour to fulfil corporate social and environmental responsibilities, and to make continuous contributions to the building of a cohesive and caring society. The Group hopes to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities, devote their spare time and render assistance to the needy to make greater contributions to the community. During the Reporting Period, our directors donated to a series of non-governmental organisations to support their youth development and elderly care services. In the coming future, we will always seek to be a positive force in the communities in which we operate and maintain close ties with the communities in order to contribute to local development.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF WANG YANG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wang Yang Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 103, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and costs from construction contracts and contract assets	
Refer to Note 2.22, Note 5, Note 6 and Note 16 to the consolidated financial statements We identified recognition of revenue and costs from construction contracts and contract assets as a key audit matter as significant management's estimations and judgements are involved in the determination of the outcome of construction contracts and the progress towards completion of construction works.	Our procedures included, amongst others: • Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management; • Understanding from management about how the budgets were prepared and the respective progress towards completion of construction works were determined; • Obtaining the certificates issued by customers or payment applications confirmed by internal surveyors to evaluate the reasonableness of progress towards completion of construction works; • Testing the actual costs incurred on construction works; • Assessing the reasonableness of the budgets by comparing the actual outcome against management's estimation of similar contracts; and • Assessing the appropriateness and adequate of the disclosures made in the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Lo Kin Kei.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 31 May 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Revenue	5	**199,228**	215,692
Direct costs		**(191,260)**	(165,019)
Gross profit		**7,968**	50,673
Other income and net gains/(losses)	5	**1,512**	138
Administrative and other operating expenses		**(18,852)**	(33,729)
(Loss)/profit before income tax	6	**(9,372)**	17,082
Income tax expense	9	**(1,442)**	(6,354)
(Loss)/profit for the year		**(10,814)**	10,728
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
— Change in fair value of debt instrument at fair value through other comprehensive income		**29**	–
— Adjustment for disposal of debt instrument at fair value through other comprehensive income		**7**	–
— Change in fair value of available-for-sale financial asset		**–**	(5)
— Reclassification adjustment for gain included in the consolidated statement of profit or loss upon disposal of available-for-sale financial asset		**–**	(31)
Other comprehensive income/(expense) for the year, net of tax		**36**	(36)
Total comprehensive (expense)/income for the year attributable to owners of the Company		**(10,778)**	10,692
		HK Cents	HK Cents
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share	10	**(4.10)**	5.40

Details of dividends are disclosed in Note 12 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**10,533**	1,575
Deposit and prepayment for life insurance policy	14	**2,990**	2,909
		13,523	4,484
Current assets			
Contract assets	16	**61,564**	–
Gross amounts due from customers for contract work	17	**–**	35,953
Trade and other receivables	18	**59,002**	78,580
Available-for-sale financial asset	19	**–**	2,971
Tax recoverable		**5,365**	464
Cash and bank balances	20	**62,633**	103,079
		188,564	221,047
Total assets		**202,087**	225,531
EQUITY			
Capital and reserves			
Share capital	21	**2,640**	2,640
Reserves		**170,859**	184,513
Total equity		**173,499**	187,153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Liabilities for long service payments	23	**753**	562
Deferred tax liabilities	24	**1,029**	15
		1,782	577
Current liabilities			
Gross amounts due to customers for contract work	17	**–**	38
Trade and other payables	25	**26,806**	35,766
Current income tax liabilities		**–**	1,997
		26,806	37,801
Total liabilities		**28,588**	38,378
Total equity and liabilities		**202,087**	225,531
Net current assets		**161,758**	183,246
Total assets less current liabilities		**175,281**	187,730

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 May 2019:

Mr. Ng Chi Bun Benjamin
Director

Ms. Ng Chung Yan May
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital HK$'000 (Note 21)	Share premium HK$'000	Merger reserve HK$'000	Investments revaluation reserve HK$'000	Other comprehensive income reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance as at 1 April 2017	11,010	–	–	–	–	74,535	85,545
Profit for the year	–	–	–	–	–	10,728	10,728
Reorganisation	(11,010)	–	11,010	–	–	–	–
Shares issued pursuant to the capitalisation issue	1,980	(1,980)	–	–	–	–	–
Shares issued pursuant to the share offer	660	98,340	–	–	–	–	99,000
Shares issuance cost	–	(8,084)	–	–	–	–	(8,084)
					–		
Other comprehensive expense:					–		
Change in fair value of available-for-sale financial asset	–	–	–	(5)	–	–	(5)
Reclassification upon disposal of an available-for-sale financial asset	–	–	–	(31)	–	–	(31)
Balance as at 31 March 2018	2,640	88,276	11,010	(36)	–	85,263	187,153
Impact on initial application of HKFRS 9 and HKFRS 15	**–**	**–**	**–**	**36**	**(36)**	**(2,876)**	**(2,876)**
Balance as at 1 April 2018	**2,640**	**88,276**	**11,010**	**–**	**(36)**	**82,387**	**184,277**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(10,814)**	**(10,814)**
Other comprehensive income:							
Change in fair value of debt instrument at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**29**	**–**	**29**
Adjustment for disposal of debt instrument at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**7**	**–**	**7**
Balance as at 31 March 2019	**2,640**	**88,276**	**11,010**	**–**	**–**	**71,573**	**173,499**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	26	**(28,015)**	13,670
Income tax paid		**(6,758)**	(6,278)
Net cash (used in)/generated from operating activities		**(34,773)**	7,392
Cash flows from investing activities			
Deposit paid for a life insurance policy		**–**	(2,828)
Investment in available-for-sale financial asset		**–**	(6,024)
Proceeds from disposal of available-for-sale financial asset		**–**	3,048
Proceeds from disposal of debt instrument at fair value through other comprehensive income		**3,000**	–
Interest received		**1,222**	34
Purchases of property, plant and equipment		**(9,895)**	(398)
Net cash used in investing activities		**(5,673)**	(6,168)
Cash flows from financing activities			
Proceeds from share offer		**–**	99,000
Payments of transactions costs attributable to issue of new shares		**–**	(8,084)
Repayment of related party's loan		**–**	(1,600)
Repayments of finance leases		**–**	(18)
Dividend paid		**–**	(15,000)
Net cash generated from financing activities		**–**	74,298
Net (decrease)/increase in cash and cash equivalents		**(40,446)**	75,522
Cash and cash equivalents at beginning of the year		**103,079**	27,557
Cash and cash equivalents at end of the year		**62,633**	103,079
Analysis of balances of cash and cash equivalents			
Cash and bank balances	20	**62,633**	103,079

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 29 March 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 29 March 2018.

The addresses of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Offices E & F, 7th Floor, King Palace Plaza, No. 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of foundation works and superstructure building works in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Stock Exchange (the "Reorganisation"), the group entities were under the control of Ms. Tsui Kwok Ying ("Ms. KY Tsui"), Mr. Ng Chi Bun Benjamin ("Mr. Benjamin Ng") and Ms. Ng Chung Yan May ("Ms. May Ng"). Through the Reorganisation, the Company became the ultimate holding company of the companies now comprising the Group on 8 March 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the ultimate holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Ms. KY Tsui, Mr. Benjamin Ng and Ms. May Ng prior to and after the Reorganisation.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

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

The preparation of consolidated financial statements in conformity with HKFRSs 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 consolidated financial statements, are disclosed in Note 4.

2.2 Changes in accounting policies and disclosures

(i) New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

(ii) HKFRS 15 *Revenue from Contracts with Customers*

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(ii) HKFRS 15 *Revenue from Contracts with Customers* *(Continued)*

The Group recognises revenue from foundation works and superstructure building works which arise from contracts with customers.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 5 and 2.22 respectively.

Summary of effects arising from initial application of HKFRS 15

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

	HK$'000
Retained earnings	
Recognition of construction costs	(3,401)
Tax effect	561
Impact at 1 April 2018	(2,840)

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

	Carrying amounts previously reported at 31 March 2018 HK$'000	**Impact of HKFRS 15** HK$'000	**Carrying amounts under HKFRS 15 at 1 April 2018*** HK$'000
Current assets			
Contract assets	–	64,392	64,392
Gross amounts due from customers for contract work	35,953	(35,953)	–
Trade and other receivables	78,580	(31,878)	46,702
Current liabilities			
Contract liabilities	–	416	416
Gross amounts due to customers for contract work	38	(38)	–
Trade and other payables	35,766	(416)	35,350
Current income tax liabilities	1,997	(561)	1,436
Capital and reserves			
Retained earnings	85,263	(2,840)	82,423

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(ii) HKFRS 15 *Revenue from Contracts with Customers* (Continued)

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

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised when a customer obtains control of goods or services. Determining the timing of the transfer of control over time requires judgement. Management assessed that revenue from provision of foundation works and superstructure building works services is recognised over-time.

In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Under HKAS 11, contract costs are recognised as expenses by reference to the stage of completion, which is measured by reference to work performed to date as a percentage of total contract value. Under HKFRS 15, costs that related to satisfied performance obligations are expensed as incurred. In addition, at the date of initial application of HKFRS 15, retention receivables previously included in trade and other receivables are now included under contract assets. Accordingly, upon adoption of HKFRS 15, contract assets and contract liabilities were increased by approximately HK$64,392,000 and HK$416,000 respectively, gross amounts due from customers for contract work, trade and other receivables, gross amounts due to customers for contract work, trade and other payables and current income tax liabilities were decreased by approximately HK$35,953,000, HK$31,878,000, HK$38,000, HK$416,000 and HK$561,000 as at 1 April 2018, respectively, which resulted in a decrease in opening retained earnings at 1 April 2018 by approximately HK$2,840,000, after net of tax effect of approximately HK$561,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(ii) HKFRS 15 *Revenue from Contracts with Customers* (Continued)

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

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and other comprehensive income for the current year. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Contract assets	61,564	(61,564)	–
Gross amounts due from customers for contract work	–	28,119	28,119
Trade and other receivables	59,002	34,879	93,881
Retained earnings	71,573	1,434	73,007

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

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Cost of sales	191,260	(1,434)	189,826

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

(iii) HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and contract assets; and (iii) general hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(iii) HKFRS 9 *Financial Instruments* *(Continued)*

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

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

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 2.10.

Summary of effects arising from initial application of HKFRS 9

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Available-for-sale financial asset HK$'000	Debt instrument at fair value through other comprehensive income HK$'000	Investments revaluation reserve HK$'000	Other comprehensive income reserve HK$'000
At 31 March 2018 — HKAS 39	2,971	–	36	–
Effect arising from initial application of HKFRS 9:				
Reclassification				
From available-for-sale financial asset	(2,971)	2,971	(36)	36
At 1 April 2018 — HKFRS 9	–	2,971	–	36

From available-for-sales financial asset to debt instrument at fair value through other comprehensive income ("FVTOCI")

Certificate of deposit with a fair value of approximately HK$2,971,000 were reclassified from available-for-sales financial asset to debt instrument at FVTOCI, as this investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of the investment is solely payments of principal and interest on the principal amount outstanding. The fair value losses of approximately HK$36,000 relating to this investment previously carried at fair value were transferred from investments revaluation reserve to other comprehensive income reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(iii) HKFRS 9 *Financial Instruments* (Continued)

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

Impairment under ECL Model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the trade receivables and contract assets have been grouped based on shared credit risk characteristics.

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

As at 1 April 2018, the additional credit loss allowance of approximately HK$43,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

All loss allowances as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets HK$'000	**Trade receivables** HK$'000
At 31 March 2018 — HKAS 39	–	–
Amount remeasured through opening retained earnings	10	33
At 1 April 2018 — HKFRS 9	10	33

The following table summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	HK$'000
Retained earnings	
Recognition of impairment loss	43
Tax effect	(7)
Impact at 1 April 2018	36

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(iv) Impacts on opening consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

As a result of the changes in the Group's accounting policies above, the table below illustrates the overall application on HKFRS 15 and HKFRS 9 at the date of initial application, 1 April 2018. Line items that were not affected by the changes have not been included.

	At 31 March 2018 HK$'000	Impact of HKFRS 15 HK$'000	Impact of HKFRS 9 HK$'000	At 1 April 2018 HK$'000
Current assets				
Contract assets	–	64,392	(10)	64,382
Gross amounts due from customers for contract work	35,953	(35,953)	–	–
Trade and other receivables	78,580	(31,878)	(33)	46,669
Available-for-sale financial asset	2,971	–	(2,971)	–
Debt instrument at FVTOCI	–	–	2,971	2,971
Current liabilities				
Contract liabilities	–	416	–	416
Gross amounts due to customers for contract work	38	(38)	–	–
Trade and other payables	35,766	(416)	–	35,350
Current income tax liabilities	1,997	(561)	–	1,436
Non-current liabilities				
Deferred tax liabilities	15	–	(7)	8
Capital and reserves				
Retained earnings	85,263	(2,840)	(36)	82,387
Investments revaluation reserve	(36)	–	36	–
Other comprehensive income reserve	–	–	(36)	(36)

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

(v) New and amendments to HKFRSs in issue but not yet effective

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(v) New and amendments to HKFRSs in issue but not yet effective *(Continued)*

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[3] Effective for annual periods beginning on or after 1 January 2020.

[4] Effective for annual periods beginning on or after 1 January 2019.

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

Except as described below, the directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

HKFRS 16 Leases

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

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

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$733,000 as disclosed in Note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon the application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(v) New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 16 Leases (Continued)

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

2.3 Subsidiaries

2.3.1 Consolidation

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

Business combinations

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries *(Continued)*

2.3.2 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.

2.4 Merger accounting for common control combinations

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

Functional and presentation currency

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

2.7 Property, plant and equipment

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment *(Continued)*

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

Machinery and equipment	20%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

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

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

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or 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 of disposal 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.

2.9 Leases

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

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

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statements of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets

Accounting policies applied from 1 April 2018

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) 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.

(iii) 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 assets carried at FVPL are expensed in profit or loss.

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

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: 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 profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

Accounting policies applied from 1 April 2018 *(Continued)*

(iii) *Measurement (Continued)*

Debt instruments *(Continued)*

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iv) *Impairment*

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

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

Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

The Group classifies its financial assets as loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

Accounting policies applied until 31 March 2018 *(Continued)*

(i) *Loan and receivables*

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

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

<u>Recognition and measurement</u>

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial asset and debt instrument at FVTOCI are subsequently carried at fair value.

(iii) *Impairment of financial assets*

<u>Assets carried at amortised cost</u>

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

Accounting policies applied until 31 March 2018 *(Continued)*

(iii) Impairment of financial assets (Continued)

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is reclassified from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

2.11 Gross amounts due from/to customers for contract work (prior to 1 April 2018)

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

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

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

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

2.12 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 the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.16 Borrowings

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

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

2.17 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.18 Current and deferred income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

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

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

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

2.19 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

(iii) Termination benefits

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

(iv) Bonus plans

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits *(Continued)*

(v) Long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees upon the termination of their employment or retirement on ground of old age when the employee fulfils certain conditions and the termination meets the required circumstances. Further, where accrued benefits (excluding any part attributable to the employee's contributions) have been paid to the employee, or is being held in a mandatory provident fund scheme by the employee, which is the case for most of the eligible employees of the Group, the long service payment is offset against the aforementioned amount of benefits to the extent that they relate to the employee's years of service for which the long service payment is payable.

Based on the Group's past experience and the directors' knowledge of the business and work force, the Group makes its estimates of its obligations to make long service payments to its employees in the event of termination of their employment or retirement. The Group's obligations to make such long service payments are recognised in the financial statements as long service payment liabilities at the present value (where the effect of discounting is material) of the long service payment obligations, which are estimated after deducting the entitlements accrued under the Group's defined contribution retirement scheme that are attributable to contributions made by the Group. Service cost, net interest on the long service payment liabilities (where discounting to present value is adopted because the effect of discounting is material) and premeasurements of the long service payment liabilities are recognised in profit or loss.

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 amounts have been reliably estimated. Provisions are not recognised for future operating losses.

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

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

2.21 Contingent liabilities and contingent assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Contingent liabilities and contingent assets *(Continued)*

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

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

2.22 Revenue from contracts with customers (applicable after 1 April 2018)

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Revenue from contracts with customers (applicable after 1 April 2018) *(Continued)*

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

Output method

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

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Revenue recognition (prior to 1 April 2018)

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

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

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

Interest income is recognised on a time proportion basis using the effective interest method.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders or directors, where appropriate.

2.25 Deposit and prepayment for life insurance policy

Life insurance policy that can be terminated at any time is determined by the upfront payments plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. If withdrawal is made, a pre-determined specified amount of surrender charge would be imposed.

2.26 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

- (i) has control or joint control of the Group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies: (Continued)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

(i) Foreign exchange risk

The majority of the Group's transactions are denominated in HK$ except for certain bank balances which are denominated in United States Dollars ("US$"). Since HK$ is pegged to US$, the Group has limited exposure to foreign exchange risk.

(ii) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group does not expose to cash flow interest rate risk arising from its borrowings as the Group's finance lease liabilities are at fixed interest rates. The Group currently does not hedge its exposure to the interest rate risk as the management of the Group consider that the risk is insignificant.

(iii) Credit risk

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

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

In order to minimise the credit risk on trade receivables, contract assets and deposits and other receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. In addition, the Group reviews the recoverable amount of each individual trade receivables, contract assets and deposits and other receivables balance at the end of each of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the credit risk is significantly reduced.

As at 31 March 2019, there were two (2018: four) customers which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from these customers amounted to 44% (2018: 54%) of the Group's total trade and other receivables as at 31 March 2019.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

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

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

Category	Group definition of category	Basis for recognition of ECL
Performing	There have low risk of default and has not been any significant increase in credit risk since initial recognition	12-month ECL
Doubtful	There have been significant increase in credit risk since initial recognition	Lifetime ECL — not credit impaired
Default	There is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

Bank balance

The credit risk of bank balances is considered not material as such amounts are placed in reputable banks with high credit rating assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

Deposits and other receivables

As at 31 March 2019, the internal credit rating of deposits and other receivables were performing. Management has measured the loss allowances of these financial assets at 12m ECL. The Group uses past due information and forward-looking information to assess whether credit risk has increased significantly since initial recognition.

Trade receivables and contract assets

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been assessed grouped based on shared credit risk characteristics and the days past due. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. The ECL also incorporate forward-looking information such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant changes to the debtor's ability to meet its obligations.

As at 31 March 2019, the loss allowance for trade receivables, contract assets and deposits and other receivables were determined as follows:

	Weighted average expected loss rate	Gross carrying amount HK$'000	Expected credit loss HK$'000	Net carrying amount HK$'000
At 31 March 2019				
Trade receivables	0.1%	37,761	(23)	37,738
Contract assets	0.002%	61,565	(1)	61,564
Deposits and other receivables	0.1%	21,287	(23)	21,264

The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

The closing loss allowances for trade receivables, contract assets and deposits and other receivables as at 31 March 2019 reconcile to the opening loss allowances as follows:

	Trade receivables Life-time ECL (not credit impaired) HK$'000	Contract assets Life-time ECL (not credit impaired) HK$'000	Deposits and other receivables Life-time ECL (not credit impaired) HK$'000
31 March 2018 — calculated under HKAS 39	–	–	–
Amount restated through opening retained earnings	33	10	–
Opening loss allowance as at 1 April 2018 — calculated under HKFRS 9	33	10	–
(Reversal of)/provision for loss allowance recognised in profit or loss during the year	(10)	(9)	23
As at 31 March 2019	23	1	23

The creation and release of provision for impaired trade receivables, contract assets and deposits and other receivables have been included in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

(iv) Liquidity risk

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

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on current rates at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2019				
Trade and other payables	**26,806**	**–**	**–**	**26,806**
At 31 March 2018				
Trade and other payables	35,350	–	–	35,350

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the debts as at each year end divided by the total equity as at each year end.

The gearing ratios of the Group are as follows:

	2019 HK$'000	2018 HK$'000
Debts	**–**	–
Total equity	**173,499**	187,153
Gearing ratio	**N/A**	N/A

3.3 Fair value estimation

The Group's financial instruments carried at fair value as at 31 March 2019 and 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy 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 Group did not have any financial instruments measured at fair value as at 31 March 2019. The unlisted debt investment has been disposed during the year.

At 31 March 2018

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Available-for-sale financial asset:				
Unlisted debt investment at fair value				
Certificate of deposit	–	2,971	–	2,971

There were no transfers between 1, 2 and 3 during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Progress towards of completion of construction works

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSSES) AND SEGMENT INFORMATION

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

	2019 HK$'000	2018 HK$'000
Revenue		
Foundation works and superstructure building works	**199,228**	215,692
Other income and net gains/(losses)		
Interest income	**1,222**	34
Loss on disposal of property, plant and equipment	**–**	(8)
Adjustment for disposal of debt instrument at FVTOCI	**(7)**	–
Fair value gain on available-for-sale financial asset (transfer from equity on disposal)	**–**	31
Sundry income	**297**	81
	1,512	138

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSSES) AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers

	2019 HK$'000
Timing of revenue recognition	
Over time	**199,228**
Types of goods or services	
Foundation works and superstructure building works	**199,228**

Performance obligations for contracts with customers

The Group provides services of foundation works and superstructure building works to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these services is therefore recognised over time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers or payment applications confirmed by internal surveyor. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

Transaction price allocated to the remaining performance obligations from contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	Foundation works and superstructure building works HK$'000
Within one year	131,990

Segment information

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSSES) AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Company is domiciled in the Cayman Islands with the Group's operations located in Hong Kong. All of the Group's revenue from external customers during the years are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer I	**68,237**	N/A[1]
Customer II	**63,872**	44,037
Customer III	**N/A[1]**	30,014
Customer IV	**N/A[1]**	27,141
Customer V	**24,877**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective years.

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before taxation has been arrived at after charging/(crediting):

	2019 HK$'000	2018 HK$'000
Auditors' remuneration	**998**	770
Depreciation of owned assets	**937**	1,610
Depreciation of assets under finance leases	**–**	21
Reversal of impairment losses on trade receivables	**(10)**	–
Reversal of impairment losses on contract assets	**(9)**	–
Provision for impairment losses on other receivables and deposits	**23**	–
Listing expenses	**–**	18,866
Operating lease rental in respect of:		
— equipment and machinery	**1,877**	1,108
— office premise	**599**	599
— director's quarter (included in director's emoluments)	**300**	294
— others	**13**	32
Staff costs (including directors' emoluments) (Note 7)	**23,992**	22,758

Note:

	2018 HK$'000
Depreciation (Note 13)	1,183
Less: amounts charged to direct costs	(1,534)
Less: amounts charged to administrative and other operating expenses	(97)
Amounts capitalised in constructing work-in-progress	(448)

7. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2019 HK$'000	2018 HK$'000
Directors' emoluments	**4,397**	4,333
Other Staff costs	**19,091**	18,063
Retirement scheme contributions — defined contribution plan, excluding directors	**504**	501
	23,992	22,897
Less: amounts charged to direct costs		(13,228)
Less: amounts charged to administrative and other operating expenses		(9,530)
Amounts capitalised in constructing work-in-progress		139

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

8. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

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

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019					
Executive directors					
— Mr. Benjamin Ng (Chief Executive officer) (Note (i))	–	2,100	150	36	2,286
— Ms. May Ng (Note (i))	–	900	75	36	1,011
Non-executive director					
— Ms. KY Tsui (Note (i))	–	600	50	–	650
Independent non-executive directors					
— Mr. Yau Chung Hang	150	–	–	–	150
— Mr. Pong Kam Keung	150	–	–	–	150
— Mr. Lo Ki Chiu	150	–	–	–	150
	450	3,600	275	72	4,397
Year ended 31 March 2018					
Executive directors					
— Mr. Benjamin Ng (Chief Executive officer) (Note (i))	–	2,094	450	36	2,580
— Ms. May Ng (Note (i))	–	876	123	36	1,035
Non-executive director					
— Ms. KY Tsui (Note (i))	–	600	115	–	715
Independent non-executive directors					
— Mr. Yau Chung Hang	1	–	–	–	1
— Mr. Pong Kam Keung	1	–	–	–	1
— Mr. Lo Ki Chiu	1	–	–	–	1
	3	3,570	688	72	4,333

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

8. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

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

Notes:

(i) Ms. KY Tsui, Mr. Benjamin Ng and Ms. May Ng were directors of certain subsidiaries of the Company and/or employees of the Group during the years ended 31 March 2019 and 2018 and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(b) Five highest paid individuals

During the year, the five individuals whose emoluments were the highest in the Group include two (2018: three) directors, whose emoluments are disclosed above. The emoluments paid to the remaining three (2018: two) are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and allowances	**3,480**	2,700
Discretionary bonuses	**290**	1,225
Retirement scheme contributions	**36**	18
	3,806	3,943

The emoluments fell within the following bands:

	2019 Number of individuals	2018 Number of individuals
Emolument bands (in HK$)		
Nil–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**1**	–
HK$1,500,001–HK$2,000,000	**1**	–
HK$2,500,001–HK$3,000,000	**–**	1

During the year ended 31 March 2019, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2018: Nil).

9. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profit Tax		
Current income tax	**441**	6,427
Overprovision in prior year	**(20)**	–
Deferred income tax (Note 24)	**1,021**	(73)
Income tax expense	**1,442**	6,354

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018.

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

Accordingly, starting from the current year, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the year ended 31 March 2019.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The taxation on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate as follows:

	2019 HK$'000	2018 HK$'000
(Loss)/profit before income tax	**(9,372)**	17,082
Calculated at the statutory tax rate	**(1,546)**	2,819
Income tax at concessionary rate	**(165)**	–
Income not subject to tax	**(195)**	(2)
Expenses not deductible for tax purposes	**433**	3,133
Tax concession	**(20)**	(40)
Tax losses for which no deferred income tax asset was recognised	**2,955**	444
Overprovision in prior year	**(20)**	–
Income tax expense	**1,442**	6,354

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share of the year ended 31 March 2019 is based on the loss for the year of approximately HK$10,814,000 (2018: profit for the year of approximately HK$10,728,000) and the weighted average number of ordinary shares in issue during the year ended 31 March 2019 of approximately 264,000,000 (2018: approximately 198,542,000). No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

11. SUBSIDIARIES

The following is a list of the subsidiaries at 31 March 2019:

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Particulars of issued share capital	Percentage of interest held	
				2019	2018
Steer Vision Limited ("Steer Vision")	Limited liability company incorporated on 29 March 2017, the BVI	Investment holding	Ordinary share US$1	**100% (direct)**	100% (direct)
Build Wise Limited ("Build Wise")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	**100% (indirect)**	100% (indirect)
United Prosperous Limited ("United Prosperous")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	**100% (indirect)**	100% (indirect)
Grand Basework Limited ("Grand Basework")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	**100% (indirect)**	100% (indirect)
Prosperous Contractors Limited ("Prosperous Contractors")	Limited liability company incorporated on 9 January 2017, the BVI	Investment holding	Ordinary share US$1	**100% (indirect)**	100% (indirect)
Wise Trend Engineering Limited ("Wise Trend Engineering")	Limited liability company incorporated on 11 July 1996, Hong Kong	Business of foundation works and superstructure building works	Ordinary share HK$10,000,000	**100% (indirect)**	100% (indirect)
Wise Trend Construction & Engineering Limited ("Wise Trend Construction & Engineering")	Limited liability company incorporated on 3 May 2006, Hong Kong	Handling human resources and related administrative matters of the Group	Ordinary share HK$10,000	**100% (indirect)**	100% (indirect)
Wise Trend Construction Limited ("Wise Trend Construction")	Limited liability company incorporated on 12 May 2014, Hong Kong	Business of foundation works and superstructure building works	Ordinary share HK$1,000,000	**100% (indirect)**	100% (indirect)

Note: None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interests for the years ended 31 March 2019 and 2018.

12. DIVIDENDS

No dividend was proposed or paid by the Board for the year ended 31 March 2019 (2018: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Leasehold improvements HK$'000	Furniture fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2017	7,878	425	231	2,720	11,254
Additions	66	–	–	334	400
Disposals	(27)	–	–	–	(27)
At 31 March 2018	7,917	425	231	3,054	11,627
Accumulated depreciation					
At 1 April 2017	5,959	262	203	2,462	8,886
Charge for the year	898	85	11	189	1,183
Disposals	(17)	–	–	–	(17)
At 31 March 2018	6,840	347	214	2,651	10,052
Net Book value					
At 31 March 2018	1,077	78	17	403	1,575
Cost					
At 1 April 2018	**7,917**	**425**	**231**	**3,054**	**11,627**
Additions	**8,760**	**–**	**38**	**1,097**	**9,895**
At 31 March 2019	**16,677**	**425**	**269**	**4,151**	**21,522**
Accumulated depreciation					
At 1 April 2018	**6,840**	**347**	**214**	**2,651**	**10,052**
Charge for the year	**569**	**78**	**15**	**275**	**937**
At 31 March 2019	**7,409**	**425**	**229**	**2,926**	**10,989**
Net Book value					
At 31 March 2019	**9,268**	**–**	**40**	**1,225**	**10,533**

14. DEPOSIT AND PREPAYMENT FOR LIFE INSURANCE POLICY

The Group entered into a life Insurance policy with an insurance company to insure Mr. Benjamin Ng. Under the policy, Wise Trend Engineering is the beneficiary and policy holder and the total insured sum is US$1,080,000 (equivalent to approximately HK$8,424,000). Wise Trend Engineering is required to pay upfront deposits of approximately US$388,000 (equivalent to approximately HK$3,026,000). Wise Trend Engineering can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payments of approximately US$388,000 (equivalent to approximately HK$3,026,000) plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Wise Trend Engineering a guaranteed interest of 3.55% per annum for the first year, followed by guaranteed interest of 2% per annum or above per annum for the following years.

At 31 March 2019, the deposits and prepayments for life insurance policies amounted to approximately HK$2,990,000 (2018: approximately HK$2,909,000). The deposits and prepayments for life insurance policies are denominated in US$.

Included in sundry income for the year ended 31 March 2019 was amount of approximately HK$106,000 (2018: approximately HK$81,000) in respect of income on deposit and prepayment for life insurance policy.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost		
Trade and other receivables excluding prepayments	58,877	–
Cash and bank balances	62,633	–
Loans and receivables		
Trade and other receivables excluding prepayments	–	77,950
Cash and bank balances	–	103,079
	121,510	181,029
Available-for-sale		
Available-for-sale financial asset	–	2,971
Total	121,510	184,000
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	26,806	35,350

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 March 2019 HK$'000	1 April 2018* HK$'000
Contract assets	**61,565**	64,392
Less: Provision for impairment losses	**(1)**	(10)
Contract assets — net	**61,564**	64,382
Contract liabilities	**–**	(416)
	61,564	63,966

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

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The contract assets are transferred to trade receivables when the rights become unconditional. When the Group receives a deposit before services are rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

As at 31 March 2019, included in contract assets comprises retention receivables of approximately HK$34,879,000.

Retention receivables represented the monies withheld by customers of contract works fully recoverable within 1 year from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Generally, upon satisfactory completion of contract work as set out in the contract, partial of the retention money of such contract work will be released to the Group, while the remaining will be released to the Group upon the expiration of the defects liability period.

The Group applied the simplified approach to provide for ECL prescribed by HKFRS 9. The counterparties are grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information.

Details of impairment assessment of contract assets for the year ended 31 March 2019 are set out in Note 3.1.

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

	2018 HK$'000
Gross amounts due from customers for contract work	
Contract costs incurred plus recognised profits less recognised losses	450,683
Less: Progress billings received and receivables	(414,730)
	35,953

17. GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK *(Continued)*

	2018 HK$'000
Gross amounts due to customers for contract work	
Progress billings received and receivables	58,032
Less: Contract costs incurred plus recognised profits less recognised losses	(57,994)
	38

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

18. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**37,761**	34,454
Less: Provision for impairment losses on trade receivables	**(23)**	–
	37,738	34,454
Retention receivables*	**–**	31,878
Other receivables, deposits and prepayments	**21,287**	12,248
Less: Provision for impairment losses on other receivables and deposits	**(23)**	–
	21,264	44,126
	59,002	78,580

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

Notes:

(a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is 7 to 30 days from the date of issue of the payment certificate by the customer's consultant or architect or the invoice date. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables based on payment certificate date/invoice date is as follows:

	2019 HK$'000	2018 HK$'000
0–30 days	**13,474**	17,420
31–60 days	**19,472**	4,301
61–90 days	**341**	–
Over 90 days	**4,474**	12,733
	37,761	34,454

18. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(c) Age of trade receivables that are past due but not impaired:

As at 31 March 2019, trade receivables of approximately HK$24,287,000 were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

Trade receivables of approximately HK$17,420,000 as at 31 March 2018 were not yet past due and approximately HK$17,034,000 as at 31 March 2018 were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made. The ageing analysis of trade receivables that were past due but not impaired are as follows:

	2018 HK$'000
Overdue by:	
1–30 days	4,301
31–60 days	–
61–90 days	–
Over 90 days	12,733
	17,034

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

(e) The carrying amounts of trade and other receivables approximate to their fair values as at 31 March 2019 and 2018.

(f) The movement in the loss allowance on trade and other receivables are as follow:

	Trade receivables HK$'000	**Deposits and other receivables** HK$'000
31 March 2018 — calculated under HKAS 39	–	–
Amount restated through opening retained earnings	33	–
Opening loss allowance as at 1 April 2018		
— calculated under HKFRS 9	33	–
(Reversal of)/provision for loss allowance recognised in profit or loss during the year	(10)	23
As at 31 March 2019	23	23

(g) The Group applied the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables. The debtors are grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information.

The Group applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL for deposits and other receivables.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in Note 3.1.

19. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2019 HK$'000	2018 HK$'000
Unlisted debt investment at fair value		
Certificate of deposit	**–**	2,971

During the year ended 31 March 2018, the gross fair value loss in respect of the Group's certificate of deposit recognised in other comprehensive income amounted to approximately HK$36,000.

Investment in the certificate of deposit with a fixed rate of 1.37% per annum.

The fair value is within level 2 of the fair value hierarchy (Note 3.3).

At the date of initial application of HKFRS 9, the available-for-sale financial asset was reclassified to debt instrument at FVTOCI and disposed during the year.

20. CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash at banks	**62,633**	103,079
Cash and cash equivalents	**62,633**	103,079

Notes:

(a) The cash and cash equivalents are denominated in HK$ as at 31 March 2019 and 2018.

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

21. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017		38,000,000	380
Increase in authorised share capital	a	4,962,000,000	49,620
At 31 March 2018, 1 April 2018 and 31 March 2019		5,000,000,000	50,000
Issued and fully paid:			
At 1 April 2017		1	–
Shares issued upon Reorganisation	b	9,999	–
Shares issued pursuant to the capitalisation issue	c	197,990,000	1,980
Shares issued pursuant to the share offer	d	66,000,000	660
At 31 March 2018, 1 April 2018 and 31 March 2019		264,000,000	2,640

Notes:

(a) On 13 March 2018, the then shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

(b) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Steer Vision from Profound Contractor, on 8 March 2018, (i) the one nil-paid share held by Profound Contractor was credited as fully paid; and (ii) 9,999 new shares were issued and allotted to Profound Contractor, all credited as fully paid, respectively.

(c) Pursuant to the written resolutions of the shareholders of the Company passed on 13 March 2018, the Company issued and allotted a total of 197,990,000 ordinary shares of the Company credited as fully paid to the then shareholders of the Company's shares on the register of members at the close of business on 13 March 2018 by way of capitalisation ("Capitalisation Issue") of the sum of HK$1,979,900 standing to the credit of the share premium account of the Company.

(d) On 29 March 2018, 66,000,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$1.50 per share for cash totalling HK$99,000,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK$90,256,000, were credited to the share premium account of the Company.

22. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 13 March 2018 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

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

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

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

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

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

22. SHARE OPTION SCHEME *(Continued)*

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

The Scheme shall be valid and effective for a period of ten years commencing on 13 March 2018, subject to early termination provisions contained in the Scheme.

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

23. LIABILITIES FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required.

	Total HK$'000
At 1 April 2017	589
Credited to profit or loss	(27)
At 31 March 2018 and 1 April 2018	562
Charged to profit or loss	191
At 31 March 2019	**753**

24. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the years are as follows:

	ECL provision HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2017	–	88	88
Credited to profit or loss (Note 9)	–	(73)	(73)
At 31 March 2018	–	15	15
Effective arising from initial application of HKFRS 9	(7)	–	(7)
At 1 April 2018	(7)	15	8
(Credited)/charged to profit or loss (Note 9)	(1)	1,022	1,021
At 31 March 2019	**(8)**	**1,037**	**1,029**

25. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**16,101**	14,665
Accruals and other payables	**10,705**	20,685
Deposits received	**–**	416
	26,806	35,766

25. TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(a) Payment terms granted by suppliers are generally 7 to 90 days from the invoice date of the relevant purchases.

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

	2019 HK$'000	2018 HK$'000
0–30 days	9,732	12,195
31–60 days	6,178	1,537
61–90 days	113	633
Over 90 days	78	300
	16,101	14,665

(b) All trade and other payables are denominated in HK$.

(c) The carrying amounts of trade and other payables approximate to their fair values as at 31 March 2019 and 2018.

26. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations

	2019 HK$'000	2018 HK$'000
(Loss)/profit before income tax	(9,372)	17,082
Adjustments for:		
Depreciation	937	1,183
Interest income	(1,303)	(115)
Loss on disposal of property, plant and equipment	–	8
Reversal of impairment losses on trade receivables	(10)	–
Reversal of impairment losses on contract assets	(9)	–
Provision for impairment losses on other receivables and deposits	23	–
Adjustment for disposal of debt instrument at FVTOCI	7	–
Fair value gain on available-for-sale financial asset (transfer from equity on disposal)	–	(31)
Provision for/(reversal of) long service payments	191	(27)
Operating (loss)/profit before working capital changes	(9,536)	18,100
Decrease in contract assets	2,827	–
Increase in gross amounts from customers for contract work	–	(1,422)
Increase in trade and other receivables	(12,346)	(4,589)
Decrease in contract liabilities	(416)	–
(Decrease)/increase in trade and other payables	(8,544)	4,047
Decrease in gross amounts due to customers for contract work	–	(2,466)
Net cash (used in)/generated from operations	(28,015)	13,670

27. COMMITMENTS

Operating lease commitments — Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019 HK$'000	2018 HK$'000
Within one year	733	757
In the second to fifth years inclusive	–	706
	733	1,463

The Group is the lessee in respect of premises and car parks under operating leases. The leases typically run for an initial period of 1 to 2 years.

28. RELATED PARTY TRANSACTIONS

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

Save as disclosed in Note 30 to this report, the Group had the following significant related party transactions during the year:

(a) Transactions with related party

	2019 HK$'000	2018 HK$'000
Management fee and rental of office		
Top Wealthy Limited ("Top Wealthy") (Notes (i) & (ii))	733	736

Notes:

(i) The management fee and rental expenses for premise payable to the above related party are based on the agreements entered into between the parties involved.

(ii) Top Wealthy is owned by Ms. KY Tsui, Ms. May Ng and Ms. Tang Shuk Ngar, Elli (the spouse of Mr. Benjamin Ng) as to 62.5%, 12.5% and 25% respectively.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the years are disclosed in Note 8.

(c) At 31 March 2018, the banking facilities are secured by corporate guarantee from the Company.

29. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$46,915,000 (2018: approximately HK$30,157,000) as at 31 March 2019. The Company and Wise Trend Engineering (2018: Mr. Ng Wong Kwong, Ms. KY Tsui, Ms. May Ng), have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

As at 31 March 2019, the Group paid a cash collateral of approximately HK$14,976,000 (2018: approximately HK$9,026,000) to the insurance companies for the issuance of surety bonds and are included in other receivables, deposits and prepayments (Note 18).

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

30. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

Amount due from ultimate holding company is unsecured, interest-free and repayable on demand.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		–	–
Current assets			
Other receivables		161	–
Amount due from ultimate holding company	30	–	–
Amounts due from subsidiaries		24,606	–
Cash and cash equivalents		43,381	91,701
		68,148	91,701
Total assets		68,148	91,701
EQUITY			
Capital and reserves			
Share capital		2,640	2,640
Reserves		64,062	67,997
Total equity		66,702	70,637
LIABILITIES			
Current liabilities			
Other payables		1,446	8,870
Amount due to a subsidiary		–	12,194
Total liabilities		1,446	21,064
Total equity and liabilities		68,148	91,701
Net current assets		66,702	70,637
Total assets less current liabilities		66,702	70,637

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2019 and signed on its behalf by:

Mr. Ng Chi Bun Benjamin	**Ms. Ng Chung Yan May**
Director	*Director*

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2017			
Loss and total comprehensive expense for the year	–	(20,279)	(20,279)
Shares issued pursuant to the capitalisation issue	(1,980)	–	(1,980)
Shares issued pursuant to the share offer	98,340	–	98,340
Shares issuance costs	(8,084)	–	(8,084)
Balance at 31 March 2018 and 1 April 2018	88,276	(20,279)	67,997
Loss and total comprehensive expense for the year	–	(3,935)	(3,935)
Balance at 31 March 2019	88,276	(24,214)	64,062

FINANCIAL SUMMARY

The financial summary of the Group for the last five years is set as follows:

RESULTS

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**199,228**	215,692	184,363	212,488	176,456
Direct costs	**(191,260)**	(165,019)	(135,106)	(161,735)	(152,869)
Gross profit	**7,968**	50,673	49,257	50,753	23,587
Other income and net gains/(losses)	**1,512**	138	–	88	50
Administrative and other operating expenses	**(18,852)**	(33,729)	(16,774)	(14,796)	(13,239)
Finance costs	**–**	–	(3)	(6)	(13)
(Loss)/profit before income tax	**(9,372)**	17,082	32,480	36,039	10,385
Income tax expense	**(1,442)**	(6,354)	(5,524)	(5,974)	(1,941)
(Loss)/profit for the year	**(10,814)**	10,728	26,956	30,065	8,444
Other comprehensive income/(expense)	**36**	(36)	–	–	–
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(10,778)**	10,692	26,956	30,065	8,444

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**13,523**	4,484	2,368	3,678	3,333
Current assets	**188,564**	221,047	136,079	125,648	90,499
Non-current liabilities	**1,782**	577	677	870	738
Current liabilities	**26,806**	37,801	52,225	54,867	49,570
Equity attributable to owner of the Company	**173,499**	187,153	85,545	73,589	43,524