ANNUAL
REPORT
2021

上諭集團控股有限公司

SHEUNG YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1633

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Lap Wai Gary
Mr. Chan Lap Chuen Edmond
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors

Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

AUDIT COMMITTEE

Mr. Cheng Chi Hung
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Wong Yip Kong

REMUNERATION COMMITTEE

Mr. Wong Yip Kong
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung

NOMINATION COMMITTEE

Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

AUTHORISED REPRESENTATIVES

Mr. Chan Lap Wai Gary
Mr. Lui Shun Wa Alexander

COMPANY SECRETARY

Mr. Lui Shun Wa Alexander

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISER

D. S. Cheung & Co.

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank Limited
Wing Lung Bank Limited

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 103-105, 1/F
New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

WEBSITE

www.simonandsons.com.hk

STOCK CODE

1633

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Sheung Yue Group Holdings Limited (the "**Company**"), it gives me great pleasure to present you the audited financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2021 (the "**Reporting Period**").

The Group has over 50 years of experience in the provision of foundation works and ancillary services in Hong Kong and Macau. We are a well-established contractor with job references both in large scale infrastructure projects and in housing and commercial buildings development in both private and public sectors. The commitment of our strong and dedicated management team to provide quality work and service has played a vital role in building up the Group's reputation for its excellence in expertise and experience.

The year ended 31 March 2021 was a challenging year for the Group. The outbreak of the novel coronavirus (COVID-19) in Hong Kong since January 2020 has dampened market sentiment and increased uncertainty to the overall economy of Hong Kong. The outbreak of COVID-19 also created challenges to the Group, including intensified competition, shortage of skilled labour, supply chain disruptions and delay in and reducing number of new projects. These factors combined have inevitably eroded the profitability of the Group. As such, the Directors expect that the coming year will remain tough to the Group's business due to the anticipated continuance of economic downturn.

However, as supported by the Hong Kong Government's 2020 Policy Address, the Directors believe that the increase in land supply in the medium to long term and the continuous effort in developing land resources will favour the business development of the Group as the demand for the provision of foundation works in Hong Kong will remain stable and the Group is well-positioned to take up new projects in the coming year with its proven track record in the industry. In addition, the Group will continue to monitor the market closely, implement stringent costs control measures on the Group's existing projects, enhance the efficiency in project management and adjust its business strategies from time to time if required to maintain the Group's competitiveness in the construction industry. The Group will keep abreast of market developments and potential business opportunities to broaden the sources of revenue and adhere to prudent financial management to maximise our shareholders' return.

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our shareholders, customers and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and contributions in the past year.

The Board declares no final dividend for the year under review.

Mr. Chan Lap Wai Gary
Chairman

Hong Kong, 30 June 2021

BUSINESS REVIEW

During the year ended 31 March 2021 (the "**Year**"), the Group was engaged in the provision of foundation works in Hong Kong and Macau. The scope of foundation works undertaken by us mainly includes piling construction (such as driven H-piling, socketed H-piling, precast prestressed concrete piling, mini piling, soldier piling, pipe piling and king posts), ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 31 March 2021, there are 10 projects on hand with total contract sum amounting to approximately HK$549,186,000. Seven projects are expected to be completed in the forthcoming financial year. Subsequent to the financial year end, the Group was awarded two foundation projects with contract sum amounting to approximately HK$46,015,000.

PROSPECTS

The Year was a challenging year for the Group. The outbreak of the novel coronavirus (COVID-19) in Hong Kong since January 2020 has dampened market sentiment and increased uncertainty to the overall economy of Hong Kong. The outbreak of COVID-19 also created challenges to the Group, including intensified competition, shortage of skilled labour, supply chain disruptions and delay in and reducing number of new projects. These factors combined have inevitably eroded the profitability of the Group. As such, the Directors expect that the coming year will remain tough to the Group's business due to the anticipated continuance of economic downturn.

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FINANCIAL REVIEW

Revenue

The Group's total revenue for the Year was approximately HK$279,022,000 (for the Previous Year: approximately HK$351,944,000), representing a decrease of approximately 20.7% over the Previous Year. The decrease was due to the less foundation work projects undertaken by the Group during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK$6,829,000 for the Year (for the Previous Year: approximately HK$15,117,000). The Group's gross profit margin during the Year was approximately 2.4% (for the Previous Year: gross profit margin approximately 4.3%).

The decrease in gross profit margin was mainly due to the decline in revenue and the relatively lower profit margin of the projects during the year.

Other Income

The Group's other income for the Year were approximately HK$7,441,000 (for the Previous Year: approximately HK$3,637,000), representing an increase of approximately 104.6% over the Previous Year. This was mainly due to the government grants of approximately HK$4,058,000 from the Employment Support Scheme launched by the Hong Kong Government.

Other Net Gains and Losses

The Group's other net losses for the Year were approximately HK$2,565,000 (for the Previous Year: other net gains approximately HK$9,565,000). This was mainly due to (i) increase in allowance for credit loss of contract assets of approximately HK$7,845,000; and (ii) decrease in gain on disposal of property and equipment of approximately HK$2,118,000 during the Year as compared to the Previous Year.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK$25,392,000 (for the Previous Year: approximately HK$26,638,000), representing a decrease of approximately 4.7% over the Previous Year. This was mainly due to decrease in staff salaries and bonus of approximately HK$1,053,000 during the Year as compared to the Previous Year.

Income Tax

There was no income tax for the Year of the Group (for the Previous Year: Nil).

Net (Loss)/Profit

As a result of the abovementioned, the Group reported a net loss for the Year of approximately HK$14,475,000 (for the Previous Year: net profit approximately HK$1,331,000).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2021, the Group had bank balances of approximately HK$21,780,000 (as at 31 March 2020: approximately HK$23,044,000). The interest-bearing debts of the Group as at 31 March 2021 was approximately HK$32,630,000 (as at 31 March 2020: approximately HK$12,008,000). The gearing ratio was calculated based on the amount of bank loan and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2021 was approximately 21.04% (as at 31 March 2020: approximately 7.08%), as a result of the increase in bank loan and lease liabilities during the Year.

Pledge of Assets

The Group's plant and machinery with an aggregate net book value of approximately HK$9,111,000 as at 31 March 2021 were held under finance leases (as at 31 March 2020: Nil).

As at 31 March 2021, banking facilities were secured by the Group's bank deposits amounting to approximately HK$19,216,000 (as at 31 March 2020: HK$20,689,000).

Foreign Exchange Risk

The Group mainly operates in Hong Kong and most of the operating transactions (such as revenue, expenses, monetary assets and liabilities) are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

Employees and Remuneration Policy

As at 31 March 2021, the Group employed 105 employees. Total remuneration costs including directors' emoluments for the Year amounted to approximately HK$68,260,000 (for the Previous Year: approximately HK$64,628,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

Capital Commitments

The Group had capital commitments amounted to approximately HK$3,904,000 in respect of acquisition of property, plant and equipment as at 31 March 2021 (as at 31 March 2020: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2021 (as at 31 March 2020: Nil).

Use of Proceeds from Initial Public Offering

The shares of the Company were listed (the "**Listing**") on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 November 2016 (the "**Listing Date**"). The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK$95,325,000, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the prospectus of the Company dated 31 October 2016 (the "**Prospectus**"). The below table sets out the proposed applications of the net proceeds and usage up to date of this report:

	Planned use of proceeds	**Actual usage up to the date of this report**	**Unutilised proceeds as at the date of this report**
	HK$'000	HK$'000	HK$'000
Purchase of machinery and equipment	67,048	67,048	–
Taking out surety bond	19,466	19,466	–
Expansion of workforce	7,299	7,299	–
General working capital	1,512	1,512	–
	95,325	95,325	–

Note:

The amount of the net proceeds of approximately HK$95,325,000 was fully utilized as at the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

No purchase, sale or redemption of the Company's listed securities was made by the Company or its subsidiaries from the Listing Date and up to the date of this report.

Compliance with the corporate governance code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules from the Listing Date and up to the date of this report.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code since the Listing Date and up to the date of this report.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting and make themselves satisfied as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung (chairman), Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong.

Publication of Annual Report

This report will be despatched to the shareholders of the Company and is available on the websites of the Company and the Stock Exchange in due course.

DIRECTORS

Executive Directors

Mr. CHAN Lap Wai Gary (陳立緯先生), aged 63, is our Chairman, executive Director and a director of Favourable Year Limited ("**Favourable Year**"), Rainbow Republic Limited ("**Rainbow Republic**"), Simon & Sons Engineering Limited ("**Simon & Sons**") and Simon & Sons Engineering (Macau) Limited ("**Simon & Sons (Macau)**"). He is also one of our controlling shareholders. Mr. Gary Chan has over 41 years of experience in the building and construction industry in Hong Kong and is primarily responsible for the formulation of the overall business development strategy and the overall management and major business decisions of our Group. Between September 1980 and October 1986, Mr. Gary Chan worked as an assistant manager in Simon Construction & Engineering Company, a sole proprietorship principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder, and was responsible for the general management of projects, formulating company policies and advising our managers and supervisors. Since November 1986, Mr. Gary Chan has been the executive director, and later re-designated as the managing director, of Simon & Sons, our principal operating subsidiary, and has been responsible for the overall business operations. Furthermore, since April 2002, Mr. Gary Chan has been a director of Simon & Sons (Macau), one of our operating subsidiaries, and is responsible for overseeing the overall business development and operations in Macau.

Mr. Gary Chan graduated from University of Waterloo Canada with a Bachelor of Arts in Economics in May 1980. He obtained a certificate in Quantity Surveying from The Hong Kong Institute of Estimators and Site Agent in March 1987. He also completed a Professional Diploma in Project Management from The Hong Kong Management Association in January 2003.

Mr. Gary Chan is the brother of Mr. Edmond Chan, our executive Director and Chief Executive Officer, and Ms. Amanda Chan, our executive Director.

Mr. CHAN Lap Chuen Edmond (陳立銓先生), aged 62, is our Chief Executive Officer, executive Director and a director of Favourable Year, Rainbow Republic, Simon & Sons and Vanbo Engineering Limited ("**Vanbo Engineering**"). He is also one of our controlling shareholders. Mr. Edmond Chan has over 40 years of experience in the building and construction industry in Hong Kong. He is responsible for the formulation of the overall business development strategy and the execution of daily management and administration of our business and operations. Between November 1980 and October 1986, Mr. Edmond Chan worked as an assistant manager in Simon Construction & Engineering Company, a sole proprietorship in Hong Kong principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder, and was responsible for management of all projects and directing and supervising the operational management staff of our Group. Since November 1986, Mr. Edmond Chan has been a director of Simon & Sons, our principal operating subsidiary, and has been responsible for its day-to-day business operations. He also assumed the roles of site manager between November 1986 and March 1995, general manager (site work) between April 1995 and March 2011 and executive director since 2011 in Simon & Sons. Furthermore, since February 1993, Mr. Edmond Chan has been a director of Vanbo Engineering, one of our operating subsidiaries, and is responsible for overseeing its business operations in piling projects and provision of loading test services in Hong Kong.

Mr. Edmond Chan graduated from University of Waterloo Canada with a Bachelor of Mathematics in October 1980. He was admitted as a member of the Society of Environmental Engineer in the United Kingdom in January 2011 and of the Society of Professional Engineers in London in February 2011. He was also admitted as a Chartered Building Engineer by the Chartered Association of Building Engineers in December 2015. Since July 2011, he has been a Charter Member and a director of Hong Kong Lions Club of Sham Shui Po and served as the president between 2013 and 2014. Since February 2015, he has also served as a director of Asia Pacific Creativity Industrial Association Limited. Since January 2018, Mr. Edmond Chan has been appointed as the Junior Police Call Honorary President for the Sham Shui Po District. Mr. Edmond Chan is also currently a member of the Sham Shui Po District Fight Crime Committee.

Mr. Edmond Chan is the brother of Mr. Gary Chan, our executive Director and Chairman, and Ms. Amanda Chan, our executive Director.

Ms. CHAN Chin Ying Amanda (陳千瑩女士), aged 61, is our executive Director and a director of Favourable Year, Rainbow Republic and Simon & Sons. She is also one of our controlling shareholders. Ms. Amanda Chan has over 39 years of experience in the building and construction industry in Hong Kong. She is responsible for the overall administration, maintaining quality control and monitoring our safety and environmental compliance. Between March 1982 and October 1986, Ms. Amanda Chan worked as an assistant administration manager in Simon Construction & Engineering Company, a sole proprietorship principally engaged in piling works as a registered contractor in Hong Kong and established by Mr. Simon Chan, our founder. She was responsible for the overall management of its financial and operation matters. Since November 1986, Ms. Amanda Chan has been a director of Simon & Sons, our principal operating subsidiary, and has been responsible for the overall administration and matters relating to human resources of the Simon & Sons. She also assumed the roles of administration manager between November 1986 and March 1998, quality manager between April 1998 and January 2008 and the Certified Quality and Environmental Manager since 2008 in Simon & Sons.

Ms. Amanda Chan obtained a Diploma in Business Management from Society of Business Practitioners in the United Kingdom in June 2001. She has been a fellow member of The Hong Kong Institute of Certified Auditors since January 2008. She was admitted as a Certified Quality Manager in January 2008, a Certified Environmental Manager in January 2008 and a Certified Internal Auditor of Quality and Environmental in January 2008.

Ms. Amanda Chan is the sister of Mr. Gary Chan, our executive Director and Chairman, and Mr. Edmond Chan, our executive Director and Chief Executive Officer.

Independent Non-executive Directors

Mr. LI Hon Hung, *BBS, MH, JP* (李漢雄先生, *BBS, MH, JP*), aged 64, is our independent non-executive Director. Mr. Li has over 28 years of experience in the architectural field. Since July 1993, he has been a director of A. Li & Associates Architects Limited, a company principally engaged in design and architecture services. Since October 2011, he has also served as a non-executive director of Luk Fook Holdings (International) Limited, a company listed on the Stock Exchange (stock code: 590) and principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of jewellery.

Mr. Li obtained a Diploma of Architectural Design from Humber College, Canada in June 1981. He further obtained a Bachelor of Architecture from New York Institute of Technology in June 1984. Mr. Li was admitted as a Registered Authorised Person (List of Architects) and a Registered Inspector (List of Architects) in 1989 and 2012, respectively. He was admitted as a member, a corporate member and a fellow of The Hong Kong Institute of Architects in February 1991, August 2007 and September 2009, respectively. He is a registered architect under the register list maintained by Architect Registration Board. In August 2004, he obtained the PRC Class 1 Registered Architect Qualification.

Mr. CHENG Chi Hung (鄭志洪先生), aged 61, is our independent non-executive Director. Mr. Cheng has over 23 years of experience in auditing and accounting. His previous working experience includes the following:

Name of companies	Principal business activities	Position	Period of services
Horwath & Horwath	Accounting	Junior Audit Clerk	February 1986 – October 1987
Tony Nedderman & Co.	Accounting	Taxation Semi-senior	November 1987 – September 1988
Pollard Construction Co., Ltd.	Engineers and civil contractors	Accountant	September 1990 – June 1992
		Accounting Manager	January 1993 – April 1994
The Official Receiver's Office	Insolvency	Temporary Insolvency Officer II	December 1999 – November 2000
Patrick P.K. Chiang & Co.	Accounting	Audit Supervisor	September 2002 – February 2005
C.H. Cheng & Co.	Accounting	Auditor	July 2005 – present

Mr. Cheng obtained a Master of Business Administration and a Postgraduate Certificate in Information Technology from The Open University of Hong Kong in December 1999 and December 2001, respectively. He also obtained a HKICPA Diploma in Insolvency from the Hong Kong Institute of Certified Public Accountants in June 2004. Mr. Cheng has been practising as a Certified Public Accountant and a Certified Tax Adviser in Hong Kong since February 2005 and June 2010, respectively. He was admitted as an associate member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) and the Association of Chartered Certified Accountants in January 1996, a fellow member of the Association of Chartered Certified Accountants in January 2001, and an associate member of the Taxation Institute of Hong Kong in May 2010.

Mr. WONG Yip Kong (黃業光先生), aged 68, is our independent non-executive Director. Mr. Wong obtained a Master of Business Administration from the Lincoln University, US in October 2006. He is currently the managing director of John Kaiser-Time Limited which is principally carrying out the business of manufacture and exportation of watches.

Mr. Wong had been a director of Tung Wah Group of Hospitals and was elected as a member of the Tung Wah Group of Hospitals Advisory Board. Also, he has been the chairman of the Federation of Hong Kong Watch Trades and Industries Limited. Mr. Wong is currently a member of the Watches & Clocks Advisory Committee of Hong Kong Trade Development Council, the co-chairman of Hong Kong Watch & Clock Fair Organising Committee of Hong Kong Trade Development Council and a member of QTS Sub-Committee of Hong Kong Tourism Board. He is also a fellow of various academic organisations, including Canadian Chartered Institute of Business Administration, Asian Knowledge Management Association and The Professional Validation Council of Hong Kong Industries.

SENIOR MANAGEMENT

Mr. CHEUNG Ka Ngai (張家毅先生), aged 56, is the project director of our Group and a director of Simon & Sons. He has over 31 years of experience in construction project design and implementation in Hong Kong. Mr. Cheung joined our Group in December 1999 as an engineering manager of Simon & Sons and was later appointed as a director in February 2000. He is responsible for overseeing project design and implementation of our Group. Prior to joining our Group, from June 1989 to April 1992, Mr. Cheung worked as a design engineer at Intrusion- Prepakt (F.E.) Limited, where he was responsible for preparation of foundation drawings. From April 1992 to April 1993, he served as a project engineer at Chee Shing Foundations Limited, a company principally engaged in piling services. From May 1993 to January 1995, he worked at IP Foundations Limited, as a design engineer responsible for the preparation of foundation drawings. He also worked as a project manager at W. Ho Civil Engineering & Construction Company Limited, a company principally engaged in civil engineering works, from January 1995 to June 1999 and was responsible for project supervision and management.

Mr. Cheung obtained a Bachelor of Engineering (Honours) in Civil Engineering from The Hong Kong Polytechnic University in December 1999. He has been an associate member of The Hong Kong Institution of Engineers since August 1999. He has also been a Building Environmental Assessment Method (BEAM) Affiliate of Hong Kong Green Building Council Limited since July 2014.

Mr. CHEN Tai Ping (陳大平先生), aged 62, is the contracts director of our Group and a director of Simon & Sons. He has over 35 years of experience in project management for different construction projects in Hong Kong. Mr. Chen first worked as the chief estimator at Simon & Sons between November 1986 and October 1995. He was further appointed as a director and contracts manager of Simon & Sons in February 2000 and November 1995, respectively and is responsible for overall contract management and project planning since then.

Mr. Chen obtained a higher certificate in Building Studies from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987.

Mr. YUEN Kin Keung Larry (袁建強先生), aged 57, is the project manager of our Group. He has over 27 years of experience in project design and development of different construction projects in Hong Kong. Mr. Yuen joined our Group in September 2015 and is responsible for overseeing project design and development and the overall project performance of our Group. Prior to joining our Group, Mr. Yuen worked as an assistant design engineer between September 1988 to December 1992 and as a design engineer between January 1993 to June 1993, responsible for the foundation design in Gammon Construction Limited, a company principally engaged in construction business as a main contractor. From June 1993 to May 1997, he worked as a structural engineer at David S.K. Au & Associates Ltd, a company principally engaged in the provision of industrial building development consultancy service, where he was responsible for structural design and project administration. He also worked at Chun Wo Foundations Limited, a company principally engaged in foundation works, as a quality control engineer from November 2001 to April 2009 as a senior engineer from May 2009 to September 2015.

Mr. Yuen obtained a High Diploma in Structural Engineering from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1988. He has been a member of The Institution of Structural Engineers in the United Kingdom since November 1995, a member of The Hong Kong Institution of Engineers since April 1996, a Chartered Engineer in the United Kingdom since May 1996, a Registered Professional Engineer (Structural) in Hong Kong since February 1999 and a Registered Structural Engineer in Hong Kong since October 1999.

Mr. LUI Shun Wa Alexander (呂舜華先生), aged 58, is the financial controller and the company secretary of our Group. He has over 16 years of accounting, taxation and corporate finance experience. Mr. Lui joined our Group in August 2015 and is responsible for overseeing the financial operations and internal control of our Group.

Prior to joining our Group, Mr. Lui's working experience includes:

Name of organization	Principal business activities	Position	Roles and responsibilities	Period of services
KPMG Peat Marwick	Auditing	Accountant	Undertaking various auditing assignment	July 1986 – October 1987
Inland Revenue Department of Hong Kong Government	Government department providing tax administration	Assistant Assessor	Undertaking tax assessment and ancillary taxation matters	February 1989 – February 1990
Wang On Construction Engineering Limited (currently known as Wang On Group Limited, a company listed on the Stock Exchange (Stock code: 1222))	Property development, property investment, management and sublicensing of Chinese wet markets and provision of finance	Finance Director	Overseeing financial operations of the group	March 1992 – July 1997
IFIA Pacific Holdings Limited (currently known as Beijing Enterprise Water Group Limited, a company listed on the Stock Exchange (Stock code: 371))	Construction of sewage and reclaimed works treatment and seawater desalination plants	Executive Director (CEO)	Responsible for strategic planning, policy making and business development of the group	September 1999 – April 2002

Mr. Lui obtained a Professional Diploma in Accountancy from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1986. Since February 1992, Mr. Lui has been an associate member of Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants). Mr. Lui is currently a nonpractising member of Hong Kong Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board has pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021 (the "**Reporting Period**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

GROUP REORGANISATION

Pursuant to a group reorganisation (the "**Reorganisation**") carried out by the Group in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange, and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 7 October 2016. Details of the Reorganisation are set out in the section headed "History and Development" to the Prospectus issued by the Company dated 31 October 2016.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement, Management Discussion and Analysis and Report of the Directors sections of this annual report. Also, the financial risk management objectives and policies of the Group can be found in Note 29 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 4 to 8 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out below.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group understands that it is important to maintain good relationships with its employees, customers and suppliers. During the year, there was no material and significant dispute between the Group and its employees, customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this report. No dividend has been paid or proposed by the Company during the year, nor has any dividend been proposed by the Directors since the end of the year.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the AGM which is scheduled to be held on Wednesday, 18 August 2021. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 12 August 2021.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the Reporting Period (2020: Nil).

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 risks and uncertainties identified by the Group:

The amount of revenue derived from a project may be higher or lower than the original contract sum due to factors such as variation orders

The aggregate amount of revenue derived from a project may be different from the original contract sum specified in the relevant contract for the project due to factors such as variation orders (including additions, reductions and/or other changes in the scope of the works) placed by customers from time to time during the course of project execution. As such, there is no assurance that revenue from projects on hand will not be substantially lower than the original contract sum as specified in the relevant contracts and hence, the Group's profitability will be adversely affected.

Keen competition

Due to certain delays in the progress of approving infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong in the past few years, there has been reducing projects available in the construction works market which has driven more intense competition within the construction industry. Furthermore, there have been shortage of construction labour and rise of construction costs in recent years. The combined impact of the above factors leads to the dilution in the profit margin of our construction works projects.

Errors or inaccurate estimations of project duration and costs when determining the tender price may result in substantial loss incurred

Construction contracts and in particular public projects are normally awarded through a competitive tendering process. The Group determines a tender price by estimating the construction costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by the Group contain no mistakes and errors. Such mistakes and errors may be in the form of inaccurate estimations, oversight of important tender terms, inadvertent typographical errors, errors in calculations, etc. In case of contracts awarded to the Group with mistakes or errors in the submitted tender, the Group may be bounded by the contract to undertake the project at a substantial loss.

Inaccurate estimations on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when executing the awarded project. Many factors affect the time taken and the costs involved in completing construction projects undertaken by the Group. Examples of such factors include shortage and cost escalation of labour and materials, difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with main contractors, subcontractors and suppliers, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or the Group may be subject to cost overruns or our customers may even be entitled to unilaterally terminate the contract.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in Note 25(a) to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to HK$10,000 (2020: HK$40,000).

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Note 25(b) to the consolidated financial statement, respectively.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors
Mr. Chan Lap Wai Gary *(Chairman)*
Mr. Chan Lap Chuen Edmond
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

In accordance with the article of association of the Company, Ms. Chan Chin Ying Amanda and Mr. Cheng Chi Hung will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Directors' biographical details are set out in the section headed "Profiles of Directors and Senior Management" in this report.

Information regarding Directors' emoluments is set out in Note 10 to the consolidated financial statements of this report.

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

DIRECTORS' SERVICE CONTRACTS

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY OF DIRECTORS

The Articles of Association of the Company provides that the directors shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTEREST

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling shareholders or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in Note 10 to the consolidated financial statements in this report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the Reporting Period and up to the date of this report.

DEED OF NON-COMPETITION

The deed of non-competition dated 24 October 2016 has been entered into by the controlling shareholders in favour of the Company. Pursuant to which the controlling shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the controlling shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of our Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any 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 for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Listing Rules, notified to the Company and the Stock Exchange were as follows:

Interests in Share of the Company

Name of Director	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Chan Lap Wai Gary *(Notes 2 and 3)*	Interest of controlled corporation	495,000,000 (L) *(Note 1)*	72.29%
Chan Chin Ying Amanda	Beneficial owner	7,140,000 (L) *(Note 1)*	1.04%

Notes:

1. The letter "L" demonstrates long position in such securities.

2. Mr. Chan Lap Wai Gary beneficially owns 45% of the issued shares of Creative Elite Global Limited which in turn held 495,000,000 Shares. Therefore, Mr. Gary Chan is deemed to be interested in 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.

3. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 Shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

Interests in associated corporations

Name of Director	Name of associated corporation	Number of Shares held/interest	Percentage of interest
Chan Lap Wai Gary	Creative Elite Global Limited	45	45%
Chan Lap Chuen Edmond	Creative Elite Global Limited	28	28%
Chan Chin Ying Amanda	Creative Elite Global Limited	18	18%

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Creative Elite Global Limited *(Note 2)*	Beneficial owner	495,000,000 (L) *(Note 1)*	72.29%
Vane Siu Ling Linda *(Note 3)*	Interest of spouse	495,000,000 (L) *(Note 1)*	72.29%

Notes:

1. The letter "L" demonstrates long position in such securities.

2. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

3. Ms. Linda Vane is the spouse of Mr. Chan Lap Wai Gary who beneficially owns 45% of the issued shares of Creative Elite Global Limited. Therefore, Ms. Linda Vane is deemed to be interested in 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting 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 and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted at the end of 31 March 2021 or at any time during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 67.7% and 96.3% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 25.9% and 88.2% respectively of the Group's total revenue for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this report, the Group did not have other plans for material investments or capital assets as at 31 March 2021.

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

No purchase, sale or redemption of the Company's listed securities was made during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme (the "**Share Option Scheme**") as set out below, no equity-linked agreements were entered into by our Group, or existed during the Reporting Period.

SHARE OPTION SCHEME

The shareholders of the Company have adopted a share option scheme (the "**Scheme**") on 24 October 2016.

A summary of the Scheme is set out as below:

(i) The Scheme became effective for a period of 10 years commencing from the date on which Scheme becomes unconditional.

(ii) The Scheme enables the Company to grant options to subscribe for the Shares to any director, employee or officer, partner or adviser of the Company or any of its subsidiaries, as incentives or awards for their contributions to the Group.

(iii) The basis of eligibility of any person to the grant of any option shall be determined by the Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group.

(iv) Under the Scheme, a subscription price shall be a price solely determined by the board of directors and notified to a participant and shall be at least the higher of: (i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

(v) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(vi) The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our shares in issue as at the listing date (i.e. 68,475,000 shares).

No options have been granted, exercised, cancelled or lapsed since the adoption of the Scheme.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" from pages 25 to 36 of this report.

RELIEF OF TAXATION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Group were entered into or in existence during the Reporting Period.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, there were no connected transactions or continuing connected transactions of the Company which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in Note 31 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Elite Partners CPA Limited ("**Elite Partners**"). BDO Limited resigned as the auditor of the Company with effect from 15 March 2019 and Elite Partners was appointed as the new auditor of the Company with effect from 15 March 2019. Elite Partners shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment as auditors of the Company will be proposed at the forthcoming AGM. There is no change in auditors during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it engages. The Group strives to minimise its impact on the environment by reducing its use of electricity and water and encouraging recycle of office supplies and other materials. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the Reporting Period.

On behalf of the Board
Sheung Yue Group Holdings Limited

Chan Lap Wai Gary
Chairman

30 June 2021

CORPORATE GOVERNANCE REPORT

Compliance with the corporate governance code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Reporting Period.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the requirements of the Model Code during the Reporting Period.

BOARD OF DIRECTORS

Composition of the Board

Up to the date of this annual report, the Board consists of six Directors, which comprises three executive Directors and three independent non-executive Directors. The composition of the Board during the period and up to the date of this annual report was as follows:

Executive Directors:
Mr. Chan Lap Wai Gary *(Chairman)*
Mr. Chan Lap Chuen Edmond *(Chief Executive Officer)*
Ms. Chan Chin Ying Amanda

Independent Non-executive Directors:
Mr. Li Hon Hung, *BBS, MH, JP*
Mr. Cheng Chi Hung
Mr. Wong Yip Kong

The biographies of the Directors are set out in "Profiles of Directors and Senior Management" on pages 9 to 14 of this annual report.

The directors have given sufficient time and attention to the Group's affairs. The directors have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The board believes that the balance between executive directors and independent non-executive directors is reasonable and adequate to provide sufficient balances that protect the interests of the shareholders and the Group.

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall management of the Group, which includes controlling resources allocation of the Company and leading the Company to strive for success. It oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations. 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 Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgment. Directors with various professional qualifications experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfies the corporate governance requirements of the Group with regard to the balance of expertise, skills and experience as well as the ongoing development and management of its business activities.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. During the Reporting Period, four Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Pursuant to the Articles of Association of the Company, all Directors appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

Save for the family relationships disclosed in the Profiles of Directors and Senior Management set out on pages 9 to 14 of this annual report, the Directors do not have any material financial, business or other relationships with one another.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by the shareholders at the first general meeting after their appointment. By virtue of article 83 of the articles of association of the Company, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

By virtue of article 84 of the articles of association of the Company, Ms. Chan Chin Ying Amanda and Mr. Cheng Chi Hung will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Chan Lap Wai Gary and the chief executive officer (the "**CEO**") is Mr. Chan Lap Chuen Edmond. The roles of the Chairman and the CEO of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on formulating business strategies and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board consists of three executive Directors and three independent non-executive Directors, including one independent non-executive Director who has professional qualification, experience and expertise in accounting, finance or legal field. The names and biographical details of each Director are set out in "Profiles of Directors and Senior Management" on pages 9 to 14 of this annual report. The Company has received confirmation of independence from all three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this report.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointment of a new Director, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors, on an ongoing basis, will receive updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Companies Ordinance and corporate governance practices so that they can continuously acquire their relevant knowledge and skills. In June 2021, the Company organised training on duties and responsibilities of directors and seminar on updated laws and regulations for Directors. The Company has also provided reading materials to all Directors to develop and refresh their professional knowledge.

AUDIT COMMITTEE

An Audit Committee has been established by the Board with specific written terms of reference. Pursuant to the Audit Committee's terms of reference, the Audit Committee is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong. Mr. Cheng Chi Hung is the chairman of the Audit Committee.

During the Reporting Period, three Audit Committee Meetings were held. The attendance of each member of the Audit Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

During the meetings, the Audit Committee has reviewed and discussed the application of financial reporting principles and the effectiveness of the Company's risk management and internal control systems. Furthermore, the Audit Committee has reviewed the Group's audited consolidated financial statements for the Year and the unaudited interim consolidated financial statements for the six months ended 30 September 2020, and discussed with the external auditors on the Group's audited consolidated financial statements for the Year. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

REMUNERATION COMMITTEE

A Remuneration Committee has been established by the Board with specific written terms of reference and the majority of the members of the Remuneration Committee are Independent Non-executive Directors. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the remuneration packages of the Directors and senior management. Details of the authority and responsibilities of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Wong Yip Kong, Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Cheng Chi Hung. Mr. Wong Yip Kong is the chairman of the Remuneration Committee.

During the Reporting Period, two Remuneration Committee meetings were held to review and discuss the remuneration policy of the Company, renew the appointment letters of independent non-executive directors. The attendance of each member of the Remuneration Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

Details of the amount of Directors' emoluments for the year ended 31 March 2021 are set out in Note 10 to the financial statements.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the Remuneration Committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

NOMINATION COMMITTEE

A Nomination Committee has been established by the Board with specific terms of reference. The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re- appointment of the Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and responsibilities of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Li Hon Hung, *BBS, MH, JP*, Mr. Cheng Chi Hung and Mr. Wong Yip Kong, Mr. Li Hon Hung, *BBS, MH, JP* is the chairman of the Nomination Committee.

During the Reporting Period, two Nomination Committee meetings were held to review the structure, size, composition and diversity of the Board, assessing the independence of independent non-executive Directors and other related matters of the Company. The attendance of each member of the Nomination Committee is set out in the section headed "Meetings of the Board and Directors' attendance record" of this report.

MEETINGS OF THE BOARD AND DIRECTORS' ATTENDANCE RECORD

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Nomination Committee and Remuneration Committee as well as the annual general meeting on 25 August 2020 (the "**AGM**") during the Reporting Period are set out below:

	Attendance/Number of Meetings Held				
Name of Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Executive Directors					
Mr. Chan Lap Wai Gary	4/4	–	–	–	1/1
Mr. Chan Lap Chuen Edmond	4/4	–	–	–	1/1
Ms. Chan Chin Ying Amanda	4/4	–	–	–	1/1
Independent Non-executive Directors					
Mr. Li Hon Hung, *BBS, MH, JP*	4/4	3/3	2/2	2/2	1/1
Mr. Cheng Chi Hung	4/4	3/3	2/2	2/2	1/1
Mr. Wong Yip Kong	4/4	3/3	2/2	2/2	1/1

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board, which include (a) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) review and monitor the training and continuous professional development of directors and senior management of the Company and its subsidiaries; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company and its subsidiaries; (e) review the Company's compliance with the CG Code and disclosures in the corporate governance report of the Company required to be prepared pursuant to the Listing Rules; and (f) consider, review and decide any other topics, as authorised by the Board.

On 30 June 2021, the Board reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of its corporate governance policy.

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 March 2021 which gives a true and fair view of the state of affairs of the Group as at 31 March 2021, and of the results and cash flows for year then ended.

In preparing the financial statements for the year ended 31 March 2021, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The interim and annual results of the Company are announced in a timely manner within the limit of two months and three months, respectively, after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representation contained in the financial statements of the Company for the year ended 31 March 2021.

AUDITOR

The external auditor of the Company is Elite Partners CPA Limited. The Audit Committee is responsible for making recommendations to the Board on the external auditor's appointment, re-appointment and removal, which are subject to approval by the Board and at the general meetings of the Company by its shareholders. In assessing the external auditor, the Audit Committee will take into account relevant experience, performance, objectivity and independence of the external auditor.

The statement of the Company's auditor about their reporting responsibility on the consolidated financial statement of the Group is set out in the independent auditor's report on pages 37 to 43.

AUDITOR'S REMUNERATION

The remuneration paid/payable to Elite Partners for the year ended 31 March 2021 is set out as follows:

Services rendered	**Fee paid/ payable** HK$'000
Audit services	430
Total	430

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the design and implementation of internal controls which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such internal controls. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board will review and assess the risk management and internal control systems at least once a year.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

The Company has established a risk management policy set out the process of identification, evaluation and management of the principal risks affecting the business. The Company has also established a whistle-blowing policy and system for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Audit Committee reviews the internal control and risk management that are significant to the Group on an on-going basis. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, as well as their training programmes and budgets.

The Board is satisfied that the internal control and risk management systems in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report is reasonably effective and adequate.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

COMPANY SECRETARY

Mr. Lui Shun Wa Alexander was appointed as the company secretary of the Company with effect from 6 June 2016. All Directors have access to the advice and services of the company secretary. During the year ended 31 March 2021, Mr. Lui Shun Wa Alexander has taken no less than 15 hours of relevant professional trainings respectively to update his skills and knowledge.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear and detailed information of the Group to its shareholders in a timely manner and on a regular basis, through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The general meetings of the Company provide a forum for communication between the Board and the Company's shareholders.

The Chairman of the Board and other members of the respective committees are available to answer questions of the shareholders at the general meeting. The Company recognises the importance of maintaining on-going communications with the shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintain a website at www.simonandsons.com.hk where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to Article 58 of the articles of association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(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.

Article 85 of the articles of association of the Company provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51B(1) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Shareholders' enquires and proposals

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or call its customer service hotline at (852) 2980 1888.

Shareholders may also make enquiries to the Board at the annual general meetings of the Company.

INVESTOR RELATIONS

The public are welcomed to give their comments and make enquiries through the Company's website and by means of emails to the investor relations department (email address: mail@simonandsons.com.hk). The management always provides prompt responses to any such enquiries.

CONSTITUTIONAL DOCUMENTS

The Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. Since the date of Listing and up to 31 March 2021, no amendments were made to the constitutional documents of the Company.

Dividend Policy

The declaration of payment of dividends, subject to the criteria set out in the dividend policy adopted by the Company (the "**Dividend Policy**"), shall remain to be determined at the sole discretion of the Board and are subject to all applicable laws and regulations and the Articles of Association of the Company. The Board shall take into account the following factors, among other factors, when considering the declaration and payment of dividends:

(a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;

(b) the amount of distributable reserves of the Company;

(c) the expected capital requirements and future expansion plans of the Group;

(d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(e) the statutory and regulatory restrictions;

(f) the contractual restrictions on the payment of dividends by the Company to the shareholders or by the subsidiaries of the Company to the Company;

(g) the shareholders' interests; and

(h) other factors that the Board deems relevant.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Board Diversity Policy

The Board adopted a policy of the Board diversity. The Nomination Committee will review these objectives regularly. The Company recognises and embraces the benefits of a diversity of Board members. The Group endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board nominations, appointments and re-appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members and the nomination policy of the Company. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SHEUNG YUE GROUP HOLDINGS LIMITED
(上諭集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sheung Yue Group Holdings Limited (the "Company") and its subsidiaries (collectively referred as "the Group") set out on pages 44 to 111, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

(a) Accounting for construction contracts

Refer to note 6 to the consolidated financial statements and the accounting policies in note 3(m) to the consolidated financial statements.

The Group recorded revenue from construction contracts of approximately HK$279,022,000 for the year ended 31 March 2021.

Contract revenue is recognised over time using the output method, based on direct measurements of the value of services delivered or work performed, which is established by reference to surveys of contract work performed. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.

The recognition of contract revenue and costs relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable.

We identified contract revenue and costs as a key audit matter because the estimation of the total contract revenue and total contract costs to complete contracts require significant management judgement and estimation and the associated financial statement items are quantitatively significant to the consolidated financial statements as a whole.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of contract revenue and costs included the following:

- Obtaining an understanding of and evaluating the key internal controls on recognition of contract revenue and costs;

- Discussing with the Group's management on the performance of the major contract in progress during the year;

- Reviewing and challenging the key estimates and assumptions in the forecast of contract revenue and contract costs, including estimated cost to completion variation orders and claims;

KEY AUDIT MATTERS (Continued)

(a) Accounting for construction contracts (Continued)

How the matter was addressed in our audit (Continued)

- Comparing the contract revenue recognised with reference to the progress certificates issued by independent architects or quantity surveyors appointed by customers;

- Testing, on a sample basis, the contract agreement with subcontractors, goods receipt notes and other underlying supporting documents during the reporting period.

We consider the management's estimation used to determine the revenue and budget costs as well as the revenue recognised to be supportable based on the evidence available.

(b) Allowance for credit loss of contract assets

Refer to note 18 to the consolidated financial statements and the accounting policies in note 3(j) to the consolidated financial statements.

The carrying value of the Group's contract assets as at 31 March 2021 was approximately HK$103,028,000 after deduction of allowance for credit loss of approximately HK$7,134,000.

Management estimates the allowance for credit loss at an amount equal to lifetime expected credit loss for contract assets with assessments of allowance for credit loss and estimated loss rates based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and forward-looking information. Such assessment involves a significant degree of judgement.

We identified the allowance for credit loss of contract assets as a key audit matter because of the inherent uncertainty in assessing if contract assets will be recovered in full and because the assessment of allowance for credit loss requires the exercise of significant management judgement.

KEY AUDIT MATTERS (Continued)

(b) Allowance for credit loss of contract assets (Continued)

How the matter was addressed in our audit

Our audit procedures to assess the allowance for credit loss of contract assets include the following:

- Obtaining an understanding of and assessing the design and implementation of key internal controls relating to credit control, debt collection, estimate of allowance for credit loss and making related allowances;

- Obtaining an understanding on the key data and assumptions of the allowance for credit loss model adopted by the Group, including the basis of the segmentation of the contract assets based on credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate;

- Assessing the reasonableness of management's estimate of allowance for credit loss by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

- Testing, on a sample basis, the subsequent settlement and actual billing to customers.

We considered the management conclusion to be consistent with the available information.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants
10/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Hong Kong, 30 June 2021

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	6	279,022	351,944
Cost of services		(272,193)	(336,827)
Gross profit		6,829	15,117
Other income	6	7,441	3,637
Other net gains and losses	6	(2,565)	9,565
Administrative expenses		(25,392)	(26,638)
(Loss)/profit from operation	7	(13,687)	1,681
Finance costs	8	(788)	(350)
(Loss)/profit before taxation		(14,475)	1,331
Income tax	11	–	–
(Loss)/profit for the year		(14,475)	1,331
Other comprehensive expense for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating a foreign operation		–	(1)
Other comprehensive expense for the year		–	(1)
Total comprehensive (expense)/income for the year		(14,475)	1,330
		HK cents	HK cents
(Loss)/earnings per share	13		
– Basic and diluted		(2.11)	0.19

The notes on pages 50 to 111 form part of these financial statements.

AS AT 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	14	55,634	45,221
Right-of-use assets	15	14,348	3,171
Financial asset at fair value through profit or loss	16	2,676	2,614
Rental deposit	19	220	–
Deposit paid for acquisition of property, plant and equipment	19	976	–
		73,854	51,006
Current assets			
Inventories	17	4,286	7,202
Contract assets	18	103,028	130,495
Trade and other receivables	19	53,531	40,456
Tax recoverable	24	–	71
Pledged bank deposits	20	19,216	20,689
Cash and cash equivalents	20	21,780	23,044
		201,841	221,957
Current liabilities			
Trade and other payables	21	87,995	91,410
Lease liabilities	22	5,336	1,269
Bank loan	23	19,459	8,795
		112,790	101,474
Net current assets		89,051	120,483
Total assets less current liabilities		162,905	171,489

AS AT 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	22	7,835	1,944
		7,835	1,944
NET ASSETS		155,070	169,545
Equity			
Share capital	25	6,848	6,848
Reserves	25	148,222	162,697
TOTAL EQUITY		155,070	169,545

The consolidated financial statements for the year ended 31 March 2021 were approved and authorised for issue by the Board of Directors of the Company on 30 June 2021.

Chan Lap Wai Gary
Director

Chan Lap Chuen Edmond
Director

The notes on pages 50 to 111 form part of these financial statements.

FOR THE YEAR ENDED 31 MARCH 2021

	Attributable to owners of the Company						
	Share capital (Note 25(a)) HK$'000	Share premium (Note 25(b)(i)) HK$'000	Merger reserve (Note 25(b)(ii)) HK$'000	Capital reserve (Note 25(b)(iv)) HK$'000	Foreign exchange reserve (Note 25(b)(v)) HK$'000	Retained earnings (Note 25(b)(vi)) HK$'000	Total HK$'000
As at 1 April 2019	6,848	98,111	10,010	3,446	245	49,555	168,215
Profit for the year	–	–	–	–	–	1,331	1,331
Other comprehensive income:							
Exchange differences on translating a foreign operation	–	–	–	–	(1)	–	(1)
Total comprehensive income for the year	–	–	–	–	(1)	1,331	1,330
As at 31 March 2020 and as at 1 April 2020	6,848	98,111	10,010	3,446	244	50,886	169,545
Loss for the year	–	–	–	–	–	(14,475)	(14,475)
Other comprehensive income:							
Exchange differences on translating a foreign operation	–	–	–	–	–	–	–
Total comprehensive expense for the year	–	–	–	–	–	(14,475)	(14,475)
As at 31 March 2021	6,848	98,111	10,010	3,446	244	36,411	155,070

The notes on pages 50 to 111 form part of these financial statements.

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
(Loss)/profit before taxation		(14,475)	1,331
Adjustments for:			
Depreciation of property, plant and equipment	14	12,520	11,950
Depreciation of right-of-use assets	15	2,900	977
Finance costs	8	788	350
Interest income from bank deposits	6	(60)	(152)
Gain on fair value changes in financial asset at FVTPL	6	(62)	(47)
Gain on disposal of property, plant and equipment	6	(6,547)	(8,665)
Allowance for/(reversal of) credit loss on:			
– Trade receivables	6	–	(2,182)
– Contract assets	6	9,174	1,329
		4,238	4,891
Changes in working capital			
Decrease in inventories		2,916	3,453
Increase in trade and other receivables		(13,075)	(9,633)
Decrease/(increase) in contract assets		18,293	(50,592)
(Decrease)/increase in trade and other payables		(3,415)	37,880
Cash generated from/(used) in operations		8,957	(14,001)
Income tax refunded/(paid)		71	(18)
Net cash generated from/(used) in operating activities		9,028	(14,019)

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(26,120)	(26,560)
Proceeds from disposal of property, plant and equipment		9,734	21,261
Payments for rental deposits		(220)	–
Decrease/(increase) in pledged bank deposits		1,473	(1,018)
Interest income from bank deposits		60	152
Payments for right-of-use assets		(2,240)	–
Deposits paid for acquisition of property, plant and equipment		(976)	–
Net cash used in investing activities		(18,289)	(6,165)
Cash flows from financing activities			
Proceeds from bank loan		61,847	19,867
Repayment of lease liabilities		(2,091)	(1,401)
Repayment of bank loan		(51,183)	(16,000)
Interest paid		(576)	(234)
Net cash generated from financing activities		7,997	2,232
Net decrease in cash and cash equivalents		(1,264)	(17,952)
Cash and cash equivalents at beginning of year		23,044	40,997
Effect of exchange rate changes on cash and cash equivalents		–	(1)
Cash and cash equivalents at end of year	20	21,780	23,044

The notes on pages 50 to 111 form part of these financial statements.

1. GENERAL

The Company was incorporated in the Cayman Islands on 23 March 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Units 103-105, 1st Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to as the "Group") are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

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

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

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

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

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

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

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

The directors do not anticipate that the application of new and amendments to HKFRSs will have material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

(b) Basis of preparation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(c) Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

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

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

(d) Subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Leasehold land and building	over the lease term
Plant and machinery	12.5% – 20%
Furniture and equipment	20%
Motor vehicles	20%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

(g) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "increase (decrease) in fair value of financial assets at FVTPL" line item.

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other financial asset at amortised cost, trade and other receivables, contract assets, pledged bank deposits, and bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

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

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;

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

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

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

(ii) Definition of default

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

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

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

(a) Nature of financial instruments;

(b) Past-due status;

(c) Nature, size and industry of debtors; and

(d) External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank loan are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Contract assets

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL and are reclassified to receivables when the right to the consideration has become unconditional.

(k) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- investments in subsidiaries (recognised in the statement of financial position of the Company (see note 26)).

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

(m) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(i) Construction services

Revenue from the provision of construction services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises 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.

(ii) Rental income

Rental income from operating lease of machinery is recognised on a time proportion basis over the lease terms.

(iii) Interest income

Interest income from bank deposits is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each of the period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each of the period.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional Currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee benefits

(i) Defined contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(q) Borrowing costs

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

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's Parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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.

(v) The entity is a post-employment benefit plan for the benefit of the employees of 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).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Related parties (Continued)

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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the reporting period.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

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

(i) Construction contract revenue recognition

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.

(ii) Impairment of trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in circumstances and forecast general economic conditions.

(iii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable profit against which the deferred tax assets can be utilised, which involves a number of assumptions and estimates relating to the operating environment of the Group and requires a significant level of judgement exercised by management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the profit in future periods.

5. SEGMENT INFORMATION

(i) Operating segments

The chief operating decision maker ("CODM") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group was principally engaged in provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(ii) Geographical information

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

(iii) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2021 HK$'000	2020 HK$'000
Customer A	–(Note)	172,920
Customer B	–(Note)	30,033
Customer C	72,233	74,950
Customer D	62,954	–(Note)
Customer E	59,152	–(Note)
Customer F	27,954	–

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. REVENUE, OTHER INCOME AND OTHER NET GAINS AND LOSSES

a) Revenue

The Group's revenue represents amount received and receivable from contract work performed and recognised in accordance with accounting policy set out in Note 3(m) above during the year.

As at 31 March 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$179,964,000 (2020: HK$220,990,000).

This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months.

An analysis of the Group's other income and other net gains and losses recognised during the year are as follows:

	2021 HK$'000	2020 HK$'000
b) Other income		
Interest income on bank deposits	60	152
Total interest income from financial assets that are not at fair value through profit or loss	60	152
Machinery rental income	1,632	3,006
Government subsidies (note)	4,058	–
Income from sale of scrap materials	499	–
Compensation from insurance claim	385	–
Sundry income	807	479
	7,441	3,637
c) Other net gains and losses		
Gain on disposal of property, plant, and equipment	6,547	8,665
Gain on fair value changes in financial asset at FVTPL	62	47
Reverse of allowance for credit loss, net of recognised:		
– Trade receivables	–	2,182
– Contract assets	(9,174)	(1,329)
	(2,565)	9,565

Note: During the years ended 31 March 2021, the Group recognised government grants of approximately HK$4,058,000 in respect of Covid-19-related subsidies (2020: nil).

7. (LOSS)/PROFIT FROM OPERATION

The Group's (loss)/profit from operation is arrived at after charging:

	2021 HK$'000	2020 HK$'000
Auditors' remuneration	430	430
Depreciation		
– Owned property, plant and equipment	12,520	11,950
– Right-of-use assets	2,900	977
	15,420	12,927
Expenses related to short term leases of premises	12,654	1,733
Staff costs (Note 9)	68,260	64,628

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	236	122
Interest on bank overdrafts	8	10
Interest on bank loan	544	218
	788	350

9. STAFF COSTS

	2021 HK$'000	2020 HK$'000
Contribution to defined contribution retirement plan	2,006	1,873
Salaries, wages and other benefits	66,254	62,755
	68,260	64,628

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(i) Details of the directors' remuneration paid or payable for the years ended 31 March 2021 and 2020 are as follows:

	Fees HK$'000	Salaries and benefits HK$'000	Contribution to defined contribution retirement plan HK$'000	Total HK$'000
Year ended 31 March 2021				
Executive directors:				
– Mr. Chan Lap Wai Gary	–	1,807	18	1,825
– Mr. Chan Lap Chuen Edmond	–	1,625	18	1,643
– Ms. Chan Chin Ying Admanda	–	1,118	18	1,136
Independent non-executive directors:				
– Mr. Li Hon Hung	180	–	–	180
– Mr. Cheng Chi Hung	180	–	–	180
– Mr. Wong Yip Kong	180	–	–	180
	540	4,550	54	5,144
Year ended 31 March 2020				
Executive directors:				
– Mr. Chan Lap Wai Gary	–	1,907	18	1,925
– Mr. Chan Lap Chuen Edmond	–	1,725	18	1,743
– Ms. Chan Chin Ying Admanda	–	1,198	18	1,216
Independent non-executive directors:				
– Mr. Li Hon Hung	205	–	–	205
– Mr. Cheng Chi Hung	205	–	–	205
– Mr. Wong Yip Kong	180	–	–	180
	590	4,830	54	5,474

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(i) Details of the directors' remuneration paid or payable for the years ended 31 March 2021 and 2020 are as follows: (Continued)

During the year, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (2020: Nil).

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 3 (2020: 3) directors for the year ended 31 March 2021, whose emoluments are reflected in the analysis as shown above. The emoluments of the remaining 2 (2020: 2) highest paid individuals are as follows:

	2021 HK$'000	2020 HK$'000
Basic salaries, bonuses and other allowances	1,996	1,969
Post-employment benefits – Contribution to defined contribution retirement plan	36	36
	2,032	2,005

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(ii) Five highest paid individuals (Continued)

Their remuneration fell within the following bands:

	2021 Number of employees	2020 Number of employees
HK$Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	1	1
	2	2

During the year, none of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2020: Nil).

(iii) Senior management's emoluments excluding the directors

The emoluments paid or payable to members of senior management (excluding the directors) were within the following bands:

	2021 Number of employees	2020 Number of employees
Nil to HK$1,000,000	4	3
HK$1,000,001 to HK$1,500,000	–	1
	4	4

The emoluments of 1 (2020: 2) members of senior management are included in five highest paid individuals for the year ended 31 March 2021 as set out in Note 10 (ii) above.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000
Current tax		
– charge for the year	–	–
– over provision in respect of prior years	–	–
Deferred tax credit (Note 24)	–	–
Income tax	–	–

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) 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 rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rate regime, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the years ended 31 March 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's current and deferred tax position is not material.

No provision for Hong Kong Profits Tax has been provided for the year ended 31 March 2021 as the Group had no assessable profits for the year.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

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

	2021 HK$'000	2020 HK$'000
(Loss)/profit before taxation	(14,475)	1,331
Tax calculated at the applicable statutory tax rate for Hong Kong of 16.5%	2,388	(232)
Tax effect of non-taxable income	1,770	1,207
Tax effect of utilisation of tax losses recognised in prior years	1	–
Tax effect of tax losses not recognised	(4,796)	(651)
Tax effect of non-deductible items	(297)	(309)
Tax effect of temporary difference not recognised	934	(15)
Income tax at the effective tax rate	–	–

12. DIVIDENDS

No dividend was paid or proposed for both years nor has any dividend been proposed since the end of the reporting period.

13. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	2021 HK$'000	2020 HK$'000
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	(14,475)	1,331

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (Note)	684,750	684,750

Note:

Weighted average number of ordinary shares for the year ended 31 March 2021 and 2020 are based on the number of ordinary shares in issue throughout the year.

Diluted (loss)/earnings per share is same as basic (loss)/earnings per share as there was no potential dilutive ordinary shares for the year ended 31 March 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost					
As at 1 April 2019	4,220	62,869	1,512	13,739	82,340
Additions	–	26,244	42	274	26,560
Disposals	–	(32,508)	–	(290)	(32,798)
Transferred from right-of-use assets	–	4,490	–	–	4,490
As at 31 March 2020 and as at 1 April 2020	4,220	61,095	1,554	13,723	80,592
Additions	–	25,588	7	525	26,120
Disposals	(4,220)	(2,072)	–	(100)	(6,392)
As at 31 March 2021	–	84,611	1,561	14,148	100,320
Accumulated depreciation					
As at 1 April 2019	1,947	27,751	1,314	10,717	41,729
Charge for the year	81	10,390	98	1,381	11,950
Written back on disposals	–	(19,913)	–	(289)	(20,202)
Transferred from right-of-use assets	–	1,894	–	–	1,894
As at 31 March 2020 and as at 1 April 2020	2,028	20,122	1,412	11,809	35,371
Charge for the year	47	11,130	68	1,275	12,520
Written back on disposals	(2,075)	(1,030)	–	(100)	(3,205)
As at 31 March 2021	–	30,222	1,480	12,984	44,686
Net book value					
As at 31 March 2021	–	54,389	81	1,164	55,634
As at 31 March 2020	2,192	40,973	142	1,914	45,221

15. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	Properties leased for own use HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost			
As at 1 April 2019	–	4,490	4,490
Additions	3,937	–	3,937
Transferred to plant and machinery	–	(4,490)	(4,490)
As at 31 March 2020 and as at 1 April 2020	3,937	–	3,937
Additions	3,577	10,500	14,077
As at 31 March 2021	7,514	10,500	18,014
Accumulated depreciation			
As at 1 April 2019	–	1,683	1,683
Charge for the year	766	211	977
Transferred to plant and machinery	–	(1,894)	(1,894)
As at 31 March 2020 and as at 1 April 2020	766	–	766
Charge for the year	1,511	1,389	2,900
As at 31 March 2021	2,277	1,389	3,666
Net book value			
As at 31 March 2021	5,237	9,111	14,348
As at 31 March 2020	3,171	–	3,171

15. RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Other properties leased for own use	1,511	766
– Plant and machinery	1,389	211
	2,900	977
Expense relating to short-term leases	12,654	12,566
Total cash outflow for lease	14,745	13,967

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Insurance policy, at fair value	2,676	2,614

Financial asset at fair value through profit or loss represents a life insurance policy purchased to insure against the death of a director, Mr. Chan Lap Wai Gary (the "Insured"), with an aggregate insured sum of US$1,000,000 (equivalent to approximately HK$7,525,000). Under the policy, the beneficiary and policyholder is Simon & Sons Engineering Limited. The Group paid a single premium payment of US$355,797 (equivalent to approximately HK$2,763,000). An annual minimum guaranteed return is 4.2% and 2% for the first year and from the second year to the end of the policy, respectively. As at 31 March 2021, if the Group withdrew from the insurance contract, the account value, net of a surrender charge, would be refunded to the Group. The surrender charge as at 31 March 2021 is US$46,830 (approximately HK$363,000) (2020: US$48,282 (approximately HK$374,000)). The amount of the surrender charge decreases over time and will no longer be required from the 19th year of contract conclusion onwards.

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The directors consider that the carrying amount of the investment in a life insurance policy approximates to its fair value. The fair value of the investment in a life insurance policy is provided by the insurance company which is determined with reference to the account value, net of a surrender charge.

As at 31 March 2021 and 2020, the Group's investment in a life insurance policy is grouped into Level 3 category of fair value hierarchy. Details of the fair value measurement are disclosed in Note 30.

17. INVENTORIES

	2021 HK$'000	2020 HK$'000
Construction materials	4,286	7,202

18. CONTRACT ASSETS

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional other than passage of time.

	2021 HK$'000	2020 HK$'000
Arising from performance under construction contracts	110,162	138,079
Less: allowance for credit loss	(7,134)	(7,584)
	103,028	130,495

Included in carrying amount of contract assets comprises retention receivables of approximately HK$39,493,000 (2020: HK$37,370,000) as at 31 March 2021.

Retention receivables is unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Upon satisfactory completion of contract work as set out in the contract, the architect for the building project will issue a practical completion certificate.

As at 31 March 2021, the Group wrote off of approximately HK$9,624,000 (2020: HK$6,174,000) on contract assets in which the directors of the Company consider that it is not recovered.

19. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables (note (a))	32,267	22,195
Less: allowance for credit loss	–	–
	32,267	22,195
Other receivables (note (b))	17,020	14,130
Prepayments and deposits	5,440	4,131
	54,727	40,456
Less: Non-current portion		
Rental Deposit	(220)	–
Deposit paid for acquisition of property, plant and equipment	(976)	–
Total current portion	53,531	40,456

Note:

(a) Trade receivables were mainly derived from provision of foundation works, including piling construction, ELS works, pile cap construction, site formation and ancillary services, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

A credit period of less than 60 days is granted by the Group to its trade customers of contract work. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	2021 HK$'000	2020 HK$'000
0-30 days	32,267	21,784
31-90 days	–	411
More than 90 days	–	–
	32,267	22,195

(b) As at 31 March 2021, included in other receivables is an amount of HK$17,020,000 (2020: HK$5,528,000) due from sub-contractors.

20. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash and bank balances	21,780	23,044
Short-term deposits	19,216	20,689
	40,996	43,733
Less: pledged bank deposits	(19,216)	(20,689)
Cash and cash equivalents	21,780	23,044

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one to three months, and earn interest at the respective short-term deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

The Group has pledged its short-term deposits as securities for its banking facilities. As at 31 March 2021 and 2020, the Group's banking facilities were secured by:

(a) the Group's bank deposits amounting to approximately HK$19,216,000 (2020: HK$20,689,000);

(b) blanket counter indemnity from the Group; and

(c) a property of a related companies controlled by a director of the Company.

21. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables (note (a))	46,672	57,159
Retention payables (note (b))	19,316	22,175
Other payables and accruals (note (c))	22,007	12,076
	87,995	91,410

Note:

(a) An ageing analysis of trade payables, based on the invoice dates, is as follows:

	2021 HK$'000	2020 HK$'000
0-30 days	5,568	23,599
31-90 days	28,685	20,982
91-365 days	9,413	10,287
More than 365 days	3,006	2,291
	46,672	57,159

The Group's trade payables are non-interest bearing and generally have payment terms of 30 to 60 days.

(b) Retention monies withheld from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

Included in retention payables of approximately HK$15,265,000 (2020: HK$22,175,000) were expected to be settled more than twelve months after the reporting period.

(c) Other payables are non-interest bearing and generally have payment term of 30-60 days.

22. LEASES LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payables:		
Within one year	5,336	1,269
Within a period of more than one year but not exceeding two years	4,449	1,944
Within a period of more than two year but not exceeding five years	3,386	–
	13,171	3,213
Less: Amount due for settlement with 12 months shown under current liabilities	(5,336)	(1,269)
Amount due for settlement after 12 months shown under non-current liabilities	7,835	1,944

The weighted average incremental borrowing rates applied to lease liabilities is 5.7% (2020: 6.5%).

All lease liabilities are denominated in HK$.

22. LEASES LIABILITIES (Continued)

The present value of future lease payments are analysed as:

	2021 HK$'000	2020 HK$'000
Current liabilities	5,336	1,269
Non-current liabilities	7,835	1,944
	13,171	3,213

23. BANK LOAN

	2021 HK$'000	2020 HK$'000
Bank loan – secured	19,459	8,795
Presented as		
– current liabilities	19,459	8,795

The Group's bank loan is repayable as follows:

	2021 HK$'000	2020 HK$'000
Within 1 year	19,459	8,795

Bank loan with the aggregate carrying amount of approximately HK$19,459,000 (2020: HK$8,795,000) are secured by:

(a) the Group's bank deposits amounting to approximately HK$19,216,000 (2020: HK$20,689,000);

(b) blanket counter indemnity from the Group; and

(c) a property of a related companies controlled by a director of the Company.

23. BANK LOAN (Continued)

Effective interest rates

The following table shows effective interest rate of the bank loan of the Group:

	2021		2020	
	Effective interest rate %	Carrying amount HK$'000	Effective interest rate %	Carrying amount HK$'000
Fixed rate:				
Bank loan	5.000	19,459	5.125	8,795

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represent:

	Tax recoverable HK$'000
As at 1 April 2019	53
Tax paid during the year	18
As at 31 March 2020 and as at 1 April 2020	71
Tax refund during the year	(71)
As at 31 March 2021	–

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Details of the deferred tax assets and liabilities recognised and movements during the current and prior years:

	Accelerated depreciation allowances HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 April 2019	(6,636)	6,636	–
(Charged)/credited to profit or loss for the year (Note 11)	(651)	651	–
As at 31 March 2020 and 1 April 2020	(7,287)	7,287	–
(Charged)/credited to profit or loss for the year (Note 11)	(781)	781	–
As at 31 March 2021	(8,068)	8,068	–

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

	2021 HK$'000	2020 HK$'000
Deferred tax assets	8,068	7,287
Deferred tax liabilities	(8,068)	(7,287)
	–	–

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3(n), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$19,609,000 (2020: HK$14,813,000) as it is not probable that future taxable profit against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

25. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of ordinary shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	684,750,000	6,848

25. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Movements in the Company's reserves during the years are as follows:

	Share premium (Note (i)) HK$'000	Contributed surplus (Note (iii)) HK$'000	Capital reserve (Note (iv)) HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2019	98,111	123,683	3,446	(15,203)	210,037
Loss for the year	–	–	–	(81,634)	(81,634)
As at 31 March 2020 and as at 1 April 2020	98,111	123,683	3,446	(96,837)	128,403
Loss for the year	–	–	–	(1,576)	(1,576)
As at 31 March 2021	98,111	123,683	3,446	(98,413)	126,827

The nature and purpose of reserves within equity are as follows:

(i) Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Merger reserve

Merger reserve of the Group represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries.

(iii) Contributed surplus

Contributed surplus of approximately HK$123,683,000 represents the excess of the then carrying amount of the Company's share of equity value of a subsidiary namely Favourable Year Limited acquired and the nominal value of the Company's shares issued for such acquisition.

25. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

(iv) Capital reserve

Pursuant to a written confirmation, the ultimate holding company agreed to bear the listing expenses in connection with 50,000,000 sale shares sold through the public offer and placing of the Company's shares during the year and reimburse its share of these expenses to the Company upon the listing of the Company's share on the Main Board of the Stock Exchange. The reimbursement of approximately HK$3,446,000 by the ultimate holding company in its capacity as a shareholder was accounted for as capital contribution to the Company.

(v) Foreign exchange reserve

It comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

(vi) Retained earnings/Accumulated losses

It represents cumulative net profits/(losses) recognised in the consolidated statement of profit or loss and other comprehensive income.

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment in a subsidiary		123,684	123,684
Current assets			
Prepayment		109	137
Amount due from a subsidiary		9,813	11,363
Cash and bank balances		99	106
		10,021	11,606
Current liabilities			
Accrual and other payable		30	39
		30	39
Net current asset		9,991	11,567
NET ASSET		133,675	135,251
Equity			
Share capital	25(a)	6,848	6,848
Reserves	25(b)	126,827	128,403
TOTAL EQUITY		133,675	135,251

The Company's statement of financial position was approved and authorised for issue by the Board of Directors of the Company on 30 June 2021.

Chan Lap Wai Gary
Director

Chan Lap Chuen Edmond
Director

27. PARTICULARS OF SUBSIDIARIES OF THE GROUP

The following list contains the particulars of all subsidiaries of the Group:

Name of the entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company				Issued and fully paid ordinary share capital	Principal activities and principal place of business
		2021		2020			
		Direct	Indirect	Direct	Indirect		
Favourable Year Limited	BVI, 3 March 2016, limited liability company	100%	–	100%	–	US$200 divided into 200 ordinary shares of US$1 each	Investment holding, Hong Kong
Rainbow Republic Limited	BVI, 16 December 2015, limited liability company	–	100%	–	100%	1 share of US$1	Investment holding, Hong Kong
Simon & Sons Engineering Limited	Hong Kong, 31 October 1986, limited liability company	–	100%	–	100%	Ordinary shares of HK$90,000,000	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Hong Kong
Simon & Sons Engineering (Macau) Limited	Macau, 19 April 2002, limited liability company	–	100%	–	100%	Registered capital of MOP200,000	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Macau
Vanbo Engineering Limited	Hong Kong, 18 February 1993, limited liability company	–	100%	–	100%	Ordinary shares of HK$2	Foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services, Hong Kong

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank overdrafts interest payable HK$'000	Bank loan HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 April 2019	–	4,928	561	5,489
Cash flows				
Proceeds from bank loan	–	8,795	–	8,795
Repayment of bank loan	–	(4,928)	–	(4,928)
Repayment of lease liabilities	–	–	(1,401)	(1,401)
Interest paid	(10)	(218)	(6)	(234)
Non-cash changes				
New lease entered	–	–	3,937	3,937
Interest incurred	10	218	122	350
As at 31 March 2020 and as at 1 April 2020	–	8,795	3,213	12,008
Cash flows				
Proceeds from bank loan	–	61,847	–	61,847
Repayment of bank loan	–	(51,183)	–	(51,183)
Repayment of lease liabilities	–	–	(2,091)	(2,091)
Interest paid	(8)	(544)	(24)	(576)
Non-cash changes				
New lease entered	–	–	11,837	11,837
Interest incurred	8	544	236	788
As at 31 March 2021	–	19,459	13,171	32,630

29. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets are financial asset at FVTPL, trade and other receivables, pledged bank deposits and cash and cash equivalents that derive principally directly from its operations. Principal financial liabilities of the Group are trade and other payables, lease liabilities and bank loan. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has not issued and does not hold any financial instruments for trading purposes at the end of each of the reporting period. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In general, the Group does not obtain any collateral from customers.

The Group measures loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the allowance for credit loss in respect of trade receivables and contract assets during the year is as follows:

	2021			2020		
Trade receivables	Average loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000	Average loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000
Current (not past due)	–	–	–	–	–	–
1-30 days past due	–	32,267	–	–	21,784	–
31-60 days past due	–	–	–	–	411	–
61-90 days past due	–	–	–	–	–	–
More than 90 days past due	–	–	–	–	–	–
		32,267	–		22,195	–

Contract assets	2021 HK$'000	2020 HK$'000
Expected credit loss rate (%)	6.476%	5.493%
Gross carrying amount	110,162	138,079
Expected credit loss	(7,134)	(7,584)
Net carrying amount	103,028	130,495

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

	Trade receivables	Contract assets	Total
	HK$'000	HK$'000	HK$'000
As at 1 April 2019	2,182	12,429	14,611
Allowance for expected credit loss (reversed)/recognised	(2,182)	1,329	(853)
Write-offs	–	(6,174)	(6,174)
As at 31 March 2020 and as at 1 April 2020	–	7,584	7,584
Allowance for expected credit loss recognised	–	9,174	9,174
Write-offs	–	(9,624)	(9,624)
As at 31 March 2021	–	7,134	7,134

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the years and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Contracted undiscounted cash outflow					
	Weight average interest rate %	Within 1 year or on demand HK$'000	Over 1 year but less than 2 years HK$'000	Over 2 years HK$'000	Total HK$'000	Carrying amount at 31 March HK$'000
At 31 March 2021						
Trade and other payables	–	72,730	9,205	6,060	87,995	87,995
Lease liabilities	5.681	5,933	4,749	3,474	14,156	13,171
Bank loan	5.000	19,700	–	–	19,700	19,459
		98,363	13,954	9,534	121,851	120,625
At 31 March 2020						
Trade and other payables	–	64,274	27,136	–	91,410	91,410
Lease liabilities	6.500	1,440	2,040	–	3,480	3,213
Bank loan	5.125	8,860	–	–	8,860	8,795
		74,574	29,176	–	103,750	103,418

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Bank loan with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2021, the aggregate carrying amounts of the bank loan amounted to approximately HK$19,459,000 (2020: HK$8,795,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, bank loan and leases liabilities. The Group's interest rate profiles as monitored by management is set out below.

The Group does not anticipate significant impact to cash at banks because the interest rates of bank deposits are not expected to change significantly. Other than bank loan and lease liabilities which carry interest at fixed interest rates, the Group has no other significant interest-bearing assets or liabilities. Therefore, the interest rate risk mainly arises from bank loan and finance lease liabilities.

However, the interest expenses derived therefrom are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed. The Group has not used financial derivatives to hedge against the interest rate risk. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest rate exposure.

(d) Currency risk

The Group's functional currency is Hong Kong dollars as substantially all the revenue are in Hong Kong dollars. The Group's transactional foreign exchange exposure was insignificant.

29. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the year.

The Group monitors capital using a gearing ratio, which is interest-bearing debts divided by the total equity.

	2021 HK$'000	2020 HK$'000
Interest-bearing debts	32,630	12,008
Total equity	155,070	169,545
Gearing ratio	21.04%	7.08%

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of each of the categories of financial assets and liabilities:

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial asset at FVTPL	2,676	2,614
Financial assets at amortised cost:		
Rental deposits	220	–
Trade and other receivables	50,118	37,268
Pledged bank deposits	19,216	20,689
Cash and cash equivalents	21,780	23,044
	94,010	83,615
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	87,995	69,235
Lease liabilities	13,171	3,213
Bank loan	19,459	8,795
	120,625	81,243

The carrying amounts of the financial instruments reasonably approximated to their fair values as at 31 March 2021 and 2020.

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The fair value of the Group's investment in a life insurance policy as at 31 March 2021 and 2020 is determined based on the account value less surrender charge, as provided by the insurers. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position, and the related changes in fair value, which is recorded in other comprehensive income, is reasonable, and that it was the most appropriate value at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation together with a quantitative sensitivity analysis as at 31 March 2021 and 2020:

	Valuation technique	Significant unobservable input	Value	Sensitivity of fair value to the input
Investment in a life insurance policy classified as financial assets at FVTPL	N/A	Account value	31 March 2021: approximately HK$2,676,000	5% increase in account value would result in increase in fair value by approximately HK$133,800
Investment in a life insurance policy classified as financial assets at FVTPL	N/A	Account value	31 March 2020: approximately HK$2,614,000	5% increase in account value would result in increase in fair value by approximately HK$130,700

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Fair value measurement using significant unobservable inputs (Level 3) HK$'000
As at 31 March 2021	
Financial asset at fair value through profit or loss	2,676
As at 31 March 2020	
Financial asset at fair value through profit or loss	2,614

The movements in fair value measurement in Level 3 during the current and prior years are as follows:

	2021 HK$'000	2020 HK$'000
At beginning of the year	2,614	2,567
Gain on fair value change of financial asset at FVTPL	62	47
At end of the year	2,676	2,614

There were no changes in valuation techniques and no transfers between levels during the year.

31. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the current and prior years are set out in Note 10 to the consolidated financial statements.

32. SHARE OPTION SCHEME

The shareholders of the Company have adopted a share option scheme (the "Scheme") on 24 October 2016.

A summary of the Scheme is set out as below:

(i) The Scheme became effective for a period of 10 years commencing from the date on which Scheme becomes unconditional.

(ii) The Scheme enables the Company to grant options to subscribe for the Shares to any director, employee or officer, partner or adviser of the Company or any of its subsidiaries, as incentives or awards for their contributions to the Group.

(iii) The basis of eligibility of any person to the grant of any option shall be determined by the Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group.

(iv) Under the Scheme, a subscription price shall be a price solely determined by the board of directors and notified to a participant and shall be at least the higher of: (i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

(v) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(vi) The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our shares in issue as at the listing date (i.e. 68,475,000 shares).

No options have been granted, exercised, cancelled or lapsed since the adoption of the Scheme.

33. CAPITAL COMMITMENTS

	2021 HK$'000	2020 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statement	3,904	–

34. LITIGATIONS

At the end of the reporting period, there were three labour claims arising from the normal course of business being lodged against the Group and no specific claim amount has been specified in the application of the claims. In the opinion of the directors, the Group has sufficient insurance coverage to cover the losses, if any, arising from the claims and therefore the ultimate liability under the claims would not has a material adverse impact on the financial position or results of the Group.

35. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Creative Elite Global Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

RESULTS	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	279,022	351,944	241,612	220,240	403,266
(Loss)/profit before taxation	(14,475)	1,331	(53,001)	(30,620)	46,213
Income tax credit/(expense)	–	–	7,680	4,904	(9,768)
(Loss)/profit for the year	(14,475)	1,331	(45,321)	(25,716)	36,445
Total comprehensive (expense)/income for the year	(14,475)	1,330	(45,293)	(25,679)	36,416
ASSETS AND LIABILITIES					
Total assets	275,695	272,963	227,234	258,958	354,667
Total liabilities	(120,625)	(103,418)	(59,019)	(30,675)	(100,705)
Net assets	155,070	169,545	168,215	228,283	253,962

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.