GAIN PLUS HOLDINGS LIMITED
德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 9900

ANNUAL REPORT 2021-22

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Tsang Chiu Kwan *(Chairman and Chief Executive Officer)*
Mr. Tsang Man Ping *(Chief Executive Officer)*
(resigned on 30 June 2021)
Mr. Lau Ka Ho

Independent Non-executive Directors

Mr. So Chun Man
Mr. Chen Yeung Tak
Ms. Li Amanda Ching Man *(resigned on 13 January 2022)*
Mr. Chung Dan *(appointed on 13 January 2022)*

Authorised Representatives

Mr. Tsang Chiu Kwan
Mr. Tsang Man Ping *(resigned on 30 June 2021)*
Mr. Lau Ka Ho *(appointed on 30 June 2021)*

Company Secretary

Mr. Kwong Chun Ming Alex *(resigned on 3 September 2021)*
Mr. Lau Ka Ho *(appointed on 3 September 2021)*

Audit Committee

Mr. Chen Yeung Tak *(Chairman)*
Mr. So Chun Man
Ms. Li Amanda Ching Man *(resigned on 13 January 2022)*
Mr. Chung Dan *(appointed on 13 January 2022)*

Remuneration Committee

Mr. So Chun Man *(Chairman)*
Mr. Chen Yeung Tak
Ms. Li Amanda Ching Man *(resigned on 13 January 2022)*
Mr. Lau Ka Ho

Nomination Committee

Ms. Li Amanda Ching Man *(Chairman)*
(resigned on 13 January 2022)
Mr. Chen Yeung Tak *(re-designated from a member to the Chairman on 13 January 2022)*
Mr. So Chun Man
Mr. Lau Ka Ho

Auditor

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

Principal Bankers

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

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

Registered Office

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

Headquarter and Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Company Website

www.doublegain.hk

Stock Code

9900

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Gain Plus Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 March 2022 ("**Year**").

Business Review

The Group achieved an increase in revenue from approximately HK$951.2 million for the year ended 31 March 2021 to HK$1,063.9 million for the Year. Such increase mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects.

The Group's profit attributable to shareholders decreased from approximately HK$34.1 million for the year ended 31 March 2021 to HK$13.3 million for the Year, the decrease in profit attributable to shareholders was mainly due to drop in the overall gross profit margin, which was mainly due to the increase in cost of raw materials in the global markets led to increase in subcontractor costs and direct raw materials costs; and substantial deterioration of global financial markets resulted in loss on financial assets at fair value through profit or loss.

Forward

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

Appreciation

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

Gain Plus Holdings Limited
Tsang Chiu Kwan
Chairman

Hong Kong, 29 June 2022

Management Discussion and Analysis

Business Review and Outlook

The principal activities of Gain Plus Holdings Limited (the "**Company**", together with its subsidiaries, "**Our Group**") is investment holding.

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

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

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

Financial Review

Revenue

Our revenue increased from approximately HK$951.2 million for the year ended 31 March 2021 to approximately HK$1,063.9 million for the Year. The increase was mainly attributable to the increase in revenue derived from the provision of RMAA Services due to increase in value of work certified of projects.

Cost of Services

Our cost of services increased from approximately HK$890.7 million for the year ended 31 March 2021 to approximately HK$1,009.2 million for the Year. The increase was in line with the increase in revenue and mainly attributable to increase in cost of services incurred by RMAA Services projects.

Gross Profit

Our gross profit decreased from approximately HK$60.5 million for the year ended 31 March 2021 to approximately HK$54.7 million for the Year. Our gross profit margin decreased from approximately 6.4% for the year ended 31 March 2021 to approximately 5.1% for the Year. Such decrease was mainly due to the increase in cost of raw materials in the global market led to increase in subcontractor costs and direct materials costs.

Other Income, Other Gains and Losses

Our other income, other gains and losses decreased from gains of approximately HK$6.8 million for the year ended 31 March 2021 to losses of approximately HK$12.2 million for the Year. The decrease was mainly attributable to no government grants and subsidies and substantial deterioration of global financial markets resulted in loss on financial assets at fair value through profit or loss ("**FVTPL**").

Administrative Expenses

Our Group's administrative expenses decreased from approximately HK$24.1 million for the year ended 31 March 2021 to approximately HK$21.5 million for the Year. The decrease was mainly attributable to the decrease in staff costs including Directors' remuneration.

Finance Costs

Our Group's finance costs was approximately HK$0.2 million for the Year, which was similar as compared to the year ended 31 March 2021.

Income Tax Expenses

The income tax expenses was similar as compared to the year ended 31 March 2021. Our effective tax rate was approximately 16.9% for the Year, after excluding the non-deductible expenses of fair value change on financial assets/ liabilities at FVTPL of approximately HK$14.1 million which was almost the same as per the effective tax rate of 16.8% for year ended 31 March 2021 after excluding the non-taxable income of government subsidies of approximately HK$6.4 million.

Profit for the year

Our Group's net profit decreased from approximately HK$34.1 million for the year ended 31 March 2021 to approximately HK$13.3 million for the Year. The decrease in net profit after tax was mainly due to drop in the overall gross profit margin, which was mainly due to the increase in cost of raw materials in the global markets led to increase in subcontractor costs and direct raw materials costs; and substantial deterioration of global financial markets resulted in loss on financial assets at fair value through profit or loss.

Dividend

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2022.

Liquidity and Financial Resources

The Group maintained a sound financial position during the Year. As at 31 March 2022, the Group had bank balances and cash of approximately HK$57.6 million (2021: approximately HK$61.8 million). The total interest-bearing borrowings, including bank borrowings and lease liabilities of the Group as at 31 March 2022 was approximately HK$4.0 million (2021: approximately HK$7.3 million), and the current ratio as at 31 March 2022 was approximately 3.5 (2021: approximately 3.8).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2022 was approximately 1.7% (2021: approximately 3.3%), which decreased as the Group repaid bank borrowings during the Year. The gearing ratio is calculated by dividing the total debt which represents lease liabilities and bank borrowings by total equity as at the end of the years multiplied by 100%.

Capital Structure

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

Commitment

The operating lease commitment of the Group was related to the lease of its office, workshops and warehouses.

The capital commitment of the Group was capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements. As at 31 March 2022, the amount was HK$nil (2021: HK$1.7 million).

Segment Information

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

Future Plans for Material Investments and Capital Assets

The Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2022 and 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant Investment

As at 31 March 2022 and 2021, the Group did not hold any significant investment.

Contingent Liabilities

As at 31 March 2022 and 2021, the Group did not have material contingent liabilities.

Exposure to Exchange Rate Fluctuation

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

Charge of Group's Assets

As at 31 March 2022 and 2021, the Group had pledged financial assets at fair value through profit or loss of approximately HK24.1 million (31 March 2021: nil) for bank borrowings.

Employees and Remuneration Policies

As at 31 March 2022, the Group had a total of 240 employees (2021: 289 employees). The Group's gross staff costs for the year ended 31 March 2022 amounted to approximately HK$58.5 million (2021: HK$73.6 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. The Group operates the Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and the employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. There are no forfeited contributions for the MPF Scheme as the contributions are fully vested to the employees upon payments to the MPF Scheme. We provide various types of trainings to our employees and sponsor our employees to attend training courses.

The remuneration to members of senior management by band for year ended 31 March 2022 is set out below:

	No. of individual
HK$nil to HK$1,000,000	4

Events After the Reporting Period

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2022.

Use of Proceeds

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

	Adjusted use of net proceeds HK$ million	**Planned use of net proceeds for Listing Date to 31 March 2022** HK$ million	**Actual use of net proceeds up to 31 March 2022** HK$ million
The recruitment and retaining of additional staff	21.2	21.2	21.2
The surety bond	23.7	16.0	15.0
Purchase of machineries and motor vehicles	2.9	2.9	2.9
Working capital	4.0	N/A	4.0
Total	51.8		43.1

The net proceeds are designated for the purposes in accordance with disclosures in the GEM Prospectus. Up to 31 March 2022, the actual use of net proceeds was delayed mainly due to the fact that only two projects awarded required surety bond to be provided since GEM Listing date.

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

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Tsang Chiu Kwan ("Mr. CK Tsang"), aged 58, was appointed as our Director on 4 July 2017 and appointed as chairman of the Board and re-designated as executive Director on 27 July 2017. He was also appointed as chief executive officer on 30 June 2021. Mr. CK Tsang is also our controlling shareholder. He joined our Group in December 2004 and is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group.

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

Mr. CK Tsang has over 19 years of experience in the construction industry. Prior to joining our Group, Mr. CK Tsang served as an engineer and was responsible for the equipment maintenance and production supervision in Motorola Semiconductors (HK) Limited, a company principally engaged in manufacturing of semi-conductors from July 1988 to June 2001. Between May 2002 to March 2006, he served as a director in Gowin Engineering Co., Limited, a construction company, where he was responsible for the development and execution of business strategies.

Mr. Lau Ka Ho, aged 44, was appointed as our executive Director and company secretary on 25 February 2021 and 3 September 2021 respectively. He obtained his master's degree of business administration from The University of Iowa in 2010. He further obtained his master's degree of corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2015. Mr. Lau is currently a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). He is also a member of The Hong Kong Institute of Directors.

Mr. Lau has over 15 years of experience in corporate management, corporate finance and corporate secretarial areas. Since December 2018, he has been working with Prosperous Future Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1259), and is currently an executive director and the chief executive officer of the company. Since June 2020, he has been appointed as an independent non-executive director of International Entertainment Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 1009).

Independent Non-executive Directors

Mr. So Chun Man, aged 46, was appointed as our independent non-executive Director on 23 January 2018. Mr. So obtained a Higher Certificate in Building Studies from Hong Kong Technical College in June 1998 and a Bachelor of Applied Science Construction Management and Economics from Curtin University of Technology, Australia in September 2001. He is a member of both the Australian Institute of Building and the Hong Kong Institute of Construction Managers since August 2005, an incorporate member of the Chartered Institute of Building United Kingdom since April 2007 and a member of the Chartered Association of Building Engineers since September 2015. Further, he was a Council Member of the Hong Kong General Building Contractor Association from 2015 to 2016. From July 2016 to June 2018, he was the Vice Honorary Secretary of the Hong Kong General Building Contractor Association. Mr. So has been the Honorary President of the Fire Safety Ambassador Honorary Presidents' Association of Fire Services Department and the Vice President of the Hong Kong General Building Contractor Association since October 2016 and July 2018 respectively.

Mr. So has over 30 years' experience in construction industry. From August 1991 to July 1997, Mr. So worked at WTP (Hong Kong) Limited with his last position as Assistant Quantity Surveyor. From October 1997 to March 2004, he worked at Chun Wo Construction & Engineering Co., Limited with his last position as Assistant Quantity Surveyor Manager. From April 2004 to May 2009 and from June 2009 to September 2010, he was a director of Fulluck Construction Engineering Limited and Joy Smart Construction Engineering Limited respectively. From March 2011 to March 2015, he worked as a project director for Yee Hop Engineering Co., Limited. From May 2015 to May 2017, he was a director for Rodney Construction & Engineering Co., Limited and he has been currently the director of RS Construction Engineering Limited since October 2015.

Mr. Chen Yeung Tak, aged 37, was appointed as our independent non-executive Director on 23 January 2018. Mr. Chen obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chen has been a member and fellow of the Hong Kong Institute of Certified Public Accountants since January 2011 and September 2021 respectively.

Mr. Chen has over 15 years of experience in auditing, accounting and financial management, treasury, internal control, corporate governance and company secretarial matters. Mr. Chen worked in international accounting firms and Blue River Holdings Limited (formerly known as PYI Corporation Limited, a company listed on the Stock Exchange with stock code 498). He served as an independent non-executive director of AV Promotions Holdings Limited (a company listed on the Stock Exchange with stock code 8419) from December 2017 to December 2021. Mr. Chen is currently a company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code 1751) and had an appointment of its executive director from May 2020 to June 2022. He is also an independent non-executive director of DT Capital Limited (a company listed on the Stock Exchange with stock code 356). He has been appointed as an independent director of Onion Global Limited (a company listed on the New York Stock Exchange with stock code: NYSE: OG) since March 2022 and an independent non-executive director of WEIli Holdings Limited (a company to be listed on the Stock Exchange with stock code: 2372).

Mr. Chung Dan (formerly name, Mr. Chung Ching Man), aged 66, was appointed as our independent non-executive Director on 13 January 2022. Mr. Chung is a practising barrister and licensed mediator. He graduated from Nottingham Trent University with a Bachelor of Laws degree with honours in June 2003 and obtained the Postgraduate Certificate in Laws from the City University of Hong Kong in July 2005. He was subsequently called to the Hong Kong Barrister in 2007 and has been practicing since then. He was also a holder of licences of regulated activity 6 (advising on corporate finance) of Securities and Futures Commission from 12 June 2004 to 8 June 2006, and an entrepreneur in various fields before practising as a barrister.

Mr. Chung was appointed as the independent non-executive director of International Entertainment Corporation (a company listed on the Stock Exchange with stock code: 1009), which is principally engaged in gaming operation, hotel operation and live events on 1 April 2022.

Senior Management

Mr. Wong Ho Yin, aged 46, is the associate director of our Group. He is responsible for the operation and management of the construction projects of our Group. Mr. Wong obtained his Higher Diploma in Building from the City University of Hong Kong in November 1997 and subsequently obtained his Bachelor of Science in Construction Management (distance programme) from Heriot-Watt University, United Kingdom, in June 2009. He was admitted as a member of the Chartered Institute of Building in August 2018 and is entitled to use the designation MCIOB and describe himself as a Chartered Construction Manager since then.

Mr. Wong has over 24 years of experience in construction industry. Prior to joining our Group, he worked at China Civil Engineering Construction Corporation from July 1997 to September 2002 with his last position as project coordinator. Subsequently, Mr. Wong joined as project coordinator at Chun Wo from September 2002 to February 2004. He then served as a site agent at Welgain & Goldwin Construction Engineering Ltd and Yau Luen Construction & Engineering Ltd from February 2004 to October 2004 and from October 2004 to August 2005 respectively. From August 2005 to January 2007, Mr. Wong served as a project coordinator at CW Construction (Macau) Limited. Subsequently, he joined our Group from January 2007 to October 2016 with his last position as project manager. From October 2016 to September 2018, Mr. Wong served as a clerk of works to DLN Architects Limited. He rejoined our Group as an associate director since October 2018.

Mr. Tse Choi Lam, aged 49, is the senior project manager of our Group. He joined our Group in August 2011 as a site agent and was promoted to his current position in August 2018. He is responsible for the operation and management of the construction projects of our Group. He obtained the Certificate in Building Studies from Morrison Hill Technical Institute (former name of the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1995 and the Higher Certificate in Building Studies from Hong Kong Technical College in June 1997. He also completed various training courses including a construction safety supervisor course (part-time programme) in October 2003, a highways department site audit inspection standards (safety & roadwork obligations) course in May 2005, a metal scaffold erecting and dismantling supervision training course in October 2007 at the Construction Industry Training Authority of Hong Kong, and an occupational safety management course at the Occupational Safety and Health Council in June 2007.

Mr. Tse has over 27 years experience in construction industry. Prior to joining our Group, he worked at Shui On Building Contractors Ltd. with his last position as foreman from September 1994 to November 1997. He worked as a works supervisor I for Dennis Lau & Ng Chun Man Architects & Engineers (H.K.) Limited from December 1997 to February 2001. He then joined Tai Fong Engineering Hong Kong Co., Ltd. from April 2001 to April 2002 and Wing Hong Contractors Ltd. from May 2002 to September 2002, both as a group representative. From March 2003 to June 2011, he worked for Chun Wo Construction and Engineering Co. Ltd. with last position as site agent.

Company Secretary

Mr. Lau Ka Ho, is the company secretary of our Group. For details of his qualifications and experience, please refer to paragraph headed “Executive Directors” in this section of the annual report.

Corporate Governance Practices

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

The Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. During the year ended to 31 March 2022, the Board is of the opinion that the Company has complied with all the code provisions of the CG Code apart from the code provision C.2.1 described in the paragraph headed "Chairman and Chief Executive".

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

Board of Directors

Composition of the Board

The Board currently comprises:

Executive Directors

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

Independent Non-executive Directors

Mr. So Chun Man
Mr. Chen Yeung Tak
Mr. Chung Dan *(appointed on 13 January 2022)*

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

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

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

Chairman and Chief Executive

The Company endeavors to adopt prevailing best corporate governance practices. During the Year, the Company had complied with the code provisions set out in the CG Code as contained in Appendix 14 of the Listing Rules apart from the code provision C.2.1 as disclosed below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The positions of chairman and chief executive officer of the Company are held by Mr. Tsang Chiu Kwan ("**Mr. CK Tsang**"), who has in-depth industry experience and knowledge about the operation and management of the business of the Company. Mr. CK Tsang is responsible for the overall strategic planning and business development as well as executing the overall operation of the Group. The Board believes that this arrangement enhances the effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership, and would be overall beneficial to the management and development of the Group's business.

Responsibilities of the Board

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

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

Board Committees

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

Audit Committee

The Company has established the Audit Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph D.3 of the CG Code. As at 31 March 2022, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. So Chun Man and Mr. Chung Dan (appointed on 13 January 2022). On 13 January 2022, Ms. Li Amanda Ching Man resigned as a member of the Audit Committee. Mr. Chen Yeung Tak has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director with the appropriate professional qualifications.

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

The members of the Audit Committee should meet at least twice a year. During the Year, the Audit Committee held 3 meetings and performed duties including review of the Group's annual and interim reports.

Subsequent to year ended 31 March 2022 and up to the date of this annual report, the meeting of the Audit Committee was held on 29 June 2022, during which the Audit Committee has, among other things, reviewed the consolidated financial statements of the Group for the year ended 31 March 2022, including the accounting policies and practices adopted by the Group, as well as the risk management and internal control systems of the Group.

The attendance records of the respective members of the Audit Committee to its meetings during the Year are set out below:

Name of member of the Audit Committee	Attendance/ number of meeting held
Mr. Chen Yeung Tak *(Chairman)*	3/3
Mr. So Chun Man	3/3
Ms. Li Amanda Ching Man (Note 1)	3/3
Mr. Chung Dan (Note 2)	—/—

Notes:

1. Ms. Li Amanda Ching Man resigned as a member of Audit Committee with effect from 13 January 2022. Before her resignation, 3 Audit Committee meetings were held during the year ended 31 March 2022.

2. Mr. Chung Dan was appointed as a member of Audit Committee with effect from 13 January 2022. After his appointment, no Audit Committee meeting was held during the year ended 31 March 2022.

Remuneration Committee

The Company has established the Remuneration Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph E.1 of the CG Code. As at 31 March 2022, the Remuneration Committee has three members comprising two independent non-executive Directors, namely Mr. So Chun Man, Mr. Chen Yeung Tak and one executive Director, namely Mr. Lau Ka Ho. On 13 January 2022, Ms. Li Amanda Ching Man resigned as a member of Remuneration Committee. Mr. So Chun Man has been appointed as the chairman of the Remuneration Committee.

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

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

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

Name of member of the Remuneration Committee	Attendance/ number of meeting held
Mr. So Chun Man *(Chairman)*	3/3
Mr. Chen Yeung Tak	3/3
Mr. Lau Ka Ho	2/3
Ms. Li Amanda Ching Man (Note 1)	3/3

Note 1: Ms. Li Amanda Ching Man resigned as a member of Remuneration Committee with effect from 13 January 2022. Before her resignation, 3 Remuneration Committee meetings were held during the year ended 31 March 2022.

The remuneration to members of senior management by band for year ended 31 March 2022 is set out below:

	No. of individual
HK$nil to HK$1,000,000	4

Nomination Committee

The Company has established the Nomination Committee on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with paragraph B.3 of the CG Code. As at 31 March 2022, the Nomination Committee consists of three members comprising two independent non-executive Directors, namely Mr. So Chun Man, Mr. Chen Yeung Tak and one executive Director, namely Mr. Lau Ka Ho. On 13 January 2022, Ms. Li Amanda Ching Man resigned as the chairman of the Nomination Committee and Mr. Chen Yeung Tak has been appointed as the chairman of the Nomination Committee.

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

The members of the Nomination Committee should meet at least once a year. During the Year, 2 meetings of the Nomination Committee were held, and has, among other things, reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

The attendance records of the respective members of the Nomination Committee to its meetings during the Year are set out below:

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

Notes:

1. Mr. Chen Yeung Tak was appointed as the chairman of Nomination Committee with effect from 13 January 2022.

2. Ms. Li Amanda Ching Man resigned as the chairman of Nomination Committee with effect from 13 January 2022. Before her resignation, 2 Nomination Committee meetings were held during the year ended 31 March 2022.

Nomination Policy

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

Summary of the Nomination Policy

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

Selection criteria

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

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) Potential contributions he/she can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

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

Nomination procedures

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

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

(b) Re-election of director at general meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

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

Review of Nomination Policy

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

Code of Conduct for Directors' Securities Transactions

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

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

Board Diversity Policy

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

Summary of the Board Diversity Policy

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

Measurable Objectives

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

Implementation and Monitoring

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

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the year ended 31 March 2022.

Board Meeting, General Meeting and Procedures

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

	Number of attendance/ Annual general meeting	Number of attendance/ number of Board meetings
Executive Directors		
Mr. Tsang Chiu Kwan *(Chairman and Chief Executive Officer)*	1/1	4/4
Mr. Tsang Man Ping *(Chief Executive Officer)* (Note 1)	—/—	1/2
Mr. Lau Ka Ho	0/1	4/4
Independent Non-executive Directors		
Mr. Chen Yeung Tak	0/1	3/4
Mr. So Chun Man	0/1	3/4
Ms. Li Amanda Ching Man (Note 2)	1/1	3/4
Mr. Chung Dan (Note 3)	—/—	—/—

Notes:

1. Mr. Tsang Man Ping resigned as an executive Director and chief executive officer with effect from 30 June 2021. Before his resignation, no annual general meeting and 2 Board meetings were held during the year ended 31 March 2022.

2. Ms. Li Amanda Ching Man resigned as an independent non-executive Director with effect from 13 January 2022. Before her resignation, an annual general meeting and 4 Board meetings were held during the year ended 31 March 2022.

3. Mr. Chung Dan was appointed as an independent non-executive Director with effect from 13 January 2022. After his appointment, no annual general meeting and Board meeting was held during the year ended 31 March 2022.

In addition, the chairman of the Board held a meeting with the independent non-executive Directors without the presence of other Directors during the Year.

Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions set out in the code provision A.2.1 of the CG Code, such as developing and reviewing the Company’s policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days’ notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

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

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

Appointment and Re-election of Directors

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

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

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

The articles also provides that any Director appointed to fill a casual vacancy or as an additional Director shall be subject to re-election by shareholders at the first general meeting or next general meeting of the Company after appointment.

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

Continuous Professional Development

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group, and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

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

During the year ended 31 March 2022, all Directors complied with the code provision C.1.4 of the CG Code on participation in continuous professional training as follows:

— All Directors (being Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping (resigned on 30 June 2021), Mr. Lau Ka Ho, Mr. So Chun Man, Mr. Chen Yeung Tak, Ms. Li Amanda Ching Man (resigned on 13 January 2022) and Mr. Chung Dan (appointed on 13 January 2022)) received regular briefings and updates from the Company on the Group's business, operations and corporate governance matters.

— Mr. Tsang Chiu Kwan, Mr. Lau Ka Ho, Mr. Chen Yeung Tak, Ms. Li Amanda Ching Man (resigned on 13 January 2022) and Mr. Chung Dan (appointed on 13 January 2022) attended relevant seminars organized by other professional firms/institutions/the Stock Exchange.

— Mr. Chung Dan (appointed on 13 January 2022) received induction on the first occasion of his appointment.

— All Directors (being Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping (resigned on 30 June 2021), Mr. Lau Ka Ho, Mr. So Chun Man, Mr. Chen Yeung Tak, Ms. Li Amanda Ching Man (resigned on 13 January 2022) and Mr. Chung Dan (appointed on 13 January 2022)) read technical bulletins, periodicals and other publications on subjects relevant to the Group and on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 March 2022, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

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

Internal Control and Risk Management

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

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

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

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

Company Secretary

Mr. Lau Ka Ho, the company secretary of the Company, has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. The biographical details of the company secretary is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Auditor's Remuneration

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

For the year ended 31 March 2022, the remuneration paid or payable to the auditor of the Company, in respect of their audit services and non-audit services for the Group was as follows:

Categories of Services	HK$'000
Audit	1,180
Non-audit	32
Total:	1,212

Shareholders' Rights

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

Procedures for Shareholders to Convene Extraordinary General Meeting

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

(a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong or Hong Kong branch share registrar and transfer office of the Company for the attention of the Board and/or the Company Secretary;

(c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

(e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to Put Forward Proposals at Shareholders' Meetings

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

Procedures for Raising Enquiries

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

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

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

Investors Relations

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

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

Constitutional Documents

During the Year, the Company has not made any changes to its Articles. The Articles is available on the websites of the Stock Exchange and the Company.

Non-Competition Undertakings by Controlling Shareholders

Each of the controlling shareholders of the Company has made an annual declaration to the Company that during the year ended 31 March 2022, he/she/it and his/her/its associates have complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" of the listing document dated 19 December 2019. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

Dividend Policy

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

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

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

About This Report

Gain Plus Holdings Limited (the "**Company**" together with its subsidiaries, hereinafter referred to as the "**Group**", "**we**", "**us**" or "**our**") is pleased to present our annual Environmental, Social and Governance Report for year ended 31 March 2022 (the "**ESG Report**") to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance ("**ESG**") issues.

Environmental, Social, and Governance Structure

The board of directors (the "**Board**") of the Company has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The executive Directors of the Company are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks, and opportunities while other departments are responsible for organizing, promoting, and implementing various ESG related tasks under the Group's ESG management policies and strategies. All tasks will be reported to the Board regularly in order to review and re-formulate the policies and plans for achievement of goals and targets.

The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group's strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group's ESG performance and adjusting corresponding action plans.

Reporting Period

The ESG Report illustrates the Group's initiative and performance regarding the environmental and social aspects during the reporting period from 1 April 2021 to 31 March 2022 (the "**Reporting Period**").

Reporting Scope

This ESG Report covers all subsidiaries of the Group in Hong Kong with core business that principally engaged in provision of building construction services and repair, maintenance, addition and alteration services ("**RMAA Services**"), with its main office located in Sheung Shui, Hong Kong which accounts for the most material revenue of the Group and the number of employees in the above business constitute approximately 99% of the total number of employees of the Group during the Reporting Period. Other business and offices of the Group would not be included in this ESG Report. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report. Looking ahead, the Group will continue to improve the transparency of the Group by disclosing further comprehensive information and expanding the scope of the report whenever feasible.

Reporting Basis

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

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

Stakeholders' Engagement

We identified the key stakeholders of our business operations. We interact with our stakeholders regularly through various communication channels. In daily business activities, we communicate with different stakeholders through multiple channels as below:

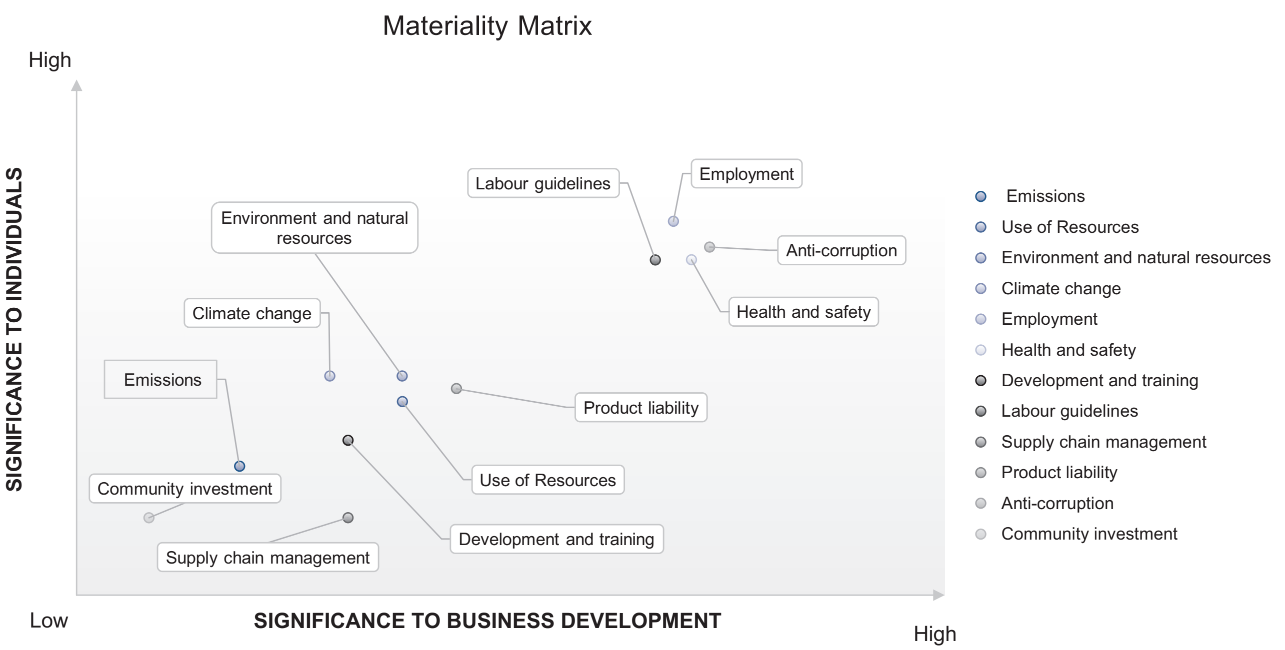
Stakeholders	Concerns	Communication mechanisms
Employees	— Providing safe and suitable working environment for staff — Career development — Rights and interests of employees — Remuneration and welfare	— Email — Staff performance evaluation — Staff recreational activities — Staff training
Customers	— Product and service quality — Complying with applicable laws and being responsible for product and service liability — Respecting customer privacy and information security	— Customer service hotline — Email — Business negotiations — Contracts and agreements — Company website — Social media platforms
Investors and shareholders	— Corporate governance — Financial performance — Information disclosure — Protection of investors' and shareholders' interests — Improving operational efficiency to generate stable returns in the long run	— Email — Annual general meetings and other shareholder meetings — Company website — Reports, announcements and other publications
Suppliers and business partners	— Complying with applicable laws and eradicating corruption behaviour — Maintaining sound cooperation relationship for mutual growth — Formulating stringent procurement system and controlling risks	— Email — Business negotiations — Contracts and agreements — Company website — Social media platform
Community	— Community development support — Enhancing the environmental protection consciousness of staff and encouraging them to make commitment to the society — Developing innovative products to bring convenience to the society	— Email — Company website — Social media platforms

Materiality Assessment

With a growing population, challenges such as climate change, energy supply and security, raw material scarcity, human health and safety, and employment are to be addressed to ensure that people can lead healthy and fulfilling lives. Faced with a wide range of issues, the Group is keen to identify those that have a great impact on its stakeholders and business, and then to develop its strategic priorities.

The Group adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. In the Reporting Period, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved distributing questionnaires to stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Guide and set possible topics for assessment.

According to the results of the materiality assessment, the Materiality Matrix below demonstrates the ESG topics with different materiality to the Group, including:



Confirmation and Approval

The information presented in the Report came from the official documents and statistical data of the Group. The Report is confirmed and approved by the Board on 29 June 2022.

Contact Information

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

A. Environmental Aspects

Aspect A1: Emissions

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

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

The Group has been in strict compliance with the relevant laws and regulation in Hong Kong, including but not limited to Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Wastes Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong). In view of the above local laws and regulation, the Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers. Such measures and procedures concerning mainly air pollution and noise control include, amongst other things:

(i) dust suppression by use of water;

(ii) use of low-dust techniques and equipment as required by our customers;

(iii) inspection and maintenance of all equipment before use for compliance of permitted noise level; and

(iv) use of machineries that were environmentally friendly.

During the Reporting Period, the Group generated/consumed no significant hazardous waste and non-hazardous waste due to its business nature. The Group engages licensed collectors to transport the waste for disposal at designated locations. However, no data regarding the consumption of waste is collected because the Group is in the process of allocating sufficient manpower and resources in keep record of such details. In the future, the Group would continue to enhance the disclosure of such KPIs.

In addition, the Group advocates emission reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions (including air pollutants, greenhouse gas, and hazardous and non-hazardous waste). The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.

Environmental aspects	Targets	Steps taken to achieve the targets
Air Pollutants Emissions	The Group will actively implement the air pollutants control plan and measures to maintain or reduce the intensity of air pollutants emissions.	— Carrying out regular maintenance of vehicles with good condition for operational efficiency — Encouraging the use of public transportations
Greenhouse Gas Emissions	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of greenhouse gas emissions	— Setting the temperature of air-conditioning system in a range between 25°C to 26°C — Switching off lights and unnecessary energy-consuming devices when they are not in use — Promoting environmental protection such as saving water and electricity by slogan or poster in office
Waste Reduction	The Group will actively implement the material-saving plan and measures to maintain or reduce the intensity of waste production.	— Using electronic document processing system to minimize the use of paper — Encouraging printing or photocopying on both sides of paper, where applicable — Focusing on quality management to reduce wastage and scrap for less pollution resulted

During the Reporting Period, there was no material breach of nor non-compliance with the applicable laws and regulations related to environmental protection.

Major air pollutants emission from vehicles during the Reporting Period and the corresponding period from 1 April 2020 to 31 March 2021 (the "**Corresponding Period**") as follows:

	Air Pollutants Emission	
Type of Air Pollutants	**2022 Air Pollutant Emission (kg)**	2021 Air Pollutant Emission (kg)
Sulphur Dioxide	**1.18**	1.38
Nitrogen Oxides	**365.81**	450.58
Particulate Matter	**34.27**	42.33

During the Reporting Period and the Corresponding Period, the greenhouse gas ("**GHG**") emission from the operation is set out below:

	GHG Emission	
Type of GHG emissions	**2022 Equivalent CO_2 emission (kg)**	2021 Equivalent CO_2 emission (kg)
Scope 1 Direct emissions	**208,281.43**	245,584.63
Scope 2 Indirect emissions	**17,545.03**	31,851.03
Total	**225,826.46**	277,435.66
Intensity (kg/revenue HK$'000)	**0.21**	0.29

Notes:

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

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

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

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

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

Aspect A2: Use of Resources

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

Electricity

The Group is committed to sustainable development by enhancing energy efficiency. Electricity saving measures are encouraged that electrical appliances are required to be set as energy saving mode where possible. For computers, the idle automatically mode is 20 minutes or less. The room temperature should be set in a range from 25℃ to 26℃. Also, power supply should be switched off when they are not in use. Preference will be given to office equipment with relatively high energy efficiency.

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

	Energy Consumption	
Type of energy	**2022 Energy consumed (kWh)**	2021 Energy consumed (kWh)
Unleaded petrol	**398,174.03**	434,112.13
Diesel	**384,034.52**	478,147.07
Purchased electricity	**47,419.00**	62,453.00
Total	**829,627.55**	974,712.20
Energy intensity (kWh/revenue HK$'000)	**0.78**	1.02

Water

The impact of freshwater use is relatively insignificant for the Group. The consumption of bottled drinking water during the Reporting Period was approximately 31,500 litre (2021: 45,000 litre). The Group did not encounter any problems in sourcing water that is fit for its purpose. Water rate charges do not form a separate item in the rent or even in site, yet the Group encourages staff to reduce water wastage, for example, by not running water taps at all time.

Paper

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

- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable.

- Encourage the employee to use suitable font size/shrinkage mode to minimise pages, if possible. Besides, electronic media is recommended for circulation/communication, to minimise using paper.

During the Reporting Period, the paper consumption was approximately 563 kg (2021: 1,688 kg).

Packaging Material

During the Reporting Period and the Corresponding Period, the Group had not consumed significant packaging materials due to our business nature.

In addition, the Group advocates energy and resources saving, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of energy use efficiency and water efficiency. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.

Environmental aspects	Targets	Steps taken to achieve the targets
Energy Conservation	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of energy consumption.	— Setting the temperature of air-conditioning system in a range between 25℃ to 26℃ — Switching off lights and unnecessary energy-consuming devices when they are not in use
Water Conservation	The Group will actively implement the water-saving plan and measures to maintain or reduce the intensity of water consumption.	— Promoting environmental protection such as saving water and electricity by slogan or poster in office

Aspect A3: The Environment and Natural Resources

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

Aspect A4: Climate Change

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include materials delivery delay, project suspension or delay, damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Physical Acute Risk

Extreme weather	Preventative and mitigation measures
Typhoons	— Close doors and windows with advance notice — Move materials and equipment to safety areas in advance, or covered with a tarp — Reinforce equipment and components that may be blown away — Stop outdoor or site works
Heavy rain and flooding	— Check that all windows and doors are shut as secure as possible — Clean up trash and make sure drains unblocked — Reinforce equipment and assets which may be damaged or blew away.
Thunder and lightning	— Keep good conditions of earthing devices — Remind employees to save data and turn off computers — Stop outdoor works

Physical Chronic Risk

The Group has identified extreme weather such as extremely hot weather which can cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Physical Chronic Risk

Extreme weather	Preventative and mitigation measures
Extremely hot weather	— Open windows to allow the air to circulate — Keep a First-aid kit convenient — Keep cold water available 24 hours a day

B. Social Aspects

Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

The Group's employment handbook sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The highlights of our employment handbook are:

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

As at the end of the Reporting Period on 31 March 2022, the Group had a total of 240 employee (as at 31 March 2021: 289), whom were all full-time employees based in Hong Kong. The following table shows the employee composition by gender, age group and employee category as at 31 March 2022 and 31 March 2021:

	As at 31 March 2022		As at 31 March 2021	
	Number of staff	%	Number of staff	%
By gender				
Male	196	82	246	85
Female	44	18	43	15
Total	240	100	289	100
By age group				
30 or below	14	6	24	8
31–40	35	15	42	14
41–50	58	24	62	22
51 or above	133	55	161	56
Total	240	100	289	100
By employee category				
Senior Management	7	3	10	3
Middle Management	—	—	—	—
General	14	6	14	5
Contract or short term	219	91	265	92
Total	240	100	289	100

During the Reporting Period ended 31 March 2022 and the Corresponding Period, the table below shows the overall turnover rate of employees (all based in Hong Kong) by gender and age group.

	Year ended 31 March 2022 Employee turnover rate (%)	Year ended 31 March 2021 Employee turnover rate (%)
By gender		
Male	**82**	82
Female	**34**	18
Overall	**74**	74
By age group		
30 or below	**121**	109
31–40	**83**	105
41–50	**72**	66
51 or above	**64**	63
Overall	**74**	74

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

The Group strictly complies with the laws and regulations including but not limited to the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

During the Reporting Period, there were no material non-compliance with the laws and regulation regarding employment, compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Aspect B2: Health and Safety

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

(i) All members of our direct labour and our subcontractors' labour are required to wear required safety equipment, including safety helmet, which must also meet the safety standard, for entering construction site;

(ii) The performance of all equipment, devices and tools must be checked for safety before use;

(iii) All subcontractors must report safety incidents to us;

(iv) Our staff and our subcontractors' workers entering project sites are required to observe the occupational health and safety measures and our policy. Subcontractors must ensure their workers work safely and care for others;

(v) We reserve the right to expel worker who violates our safety policy from construction site; and

(vi) All workers are required to attend site safety briefing sessions and trainings before they commence work on-site. Topics of safety training typically cover safety procedures for performing different types of work.

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

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

(i) Upon occurrence of a work-related accident, it shall be reported to our on-site foreman and/or project manager. Details of the injury, including the date, time, location, causes, identity of the injured person, shall be gathered by our on-site foreman and/or project manager and shall be properly recorded by our administrative staff.

(ii) We shall submit notification of the accident to the Commissioner of Labour by filling in the prescribed form in accordance with Employees' Compensation Ordinance within 14 days after we become aware of the accident and the injury, or, in case of a fatal accident, within seven days.

(iii) All correspondences with the Labour Department shall be provided to the relevant customer and/or the relevant insurer.

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

An accident register was established by our Group to record the date, types and details of accident, the injured person, compensation paid and insurance claim details, and a safety violation register to record the date, types and details of violated regulations, the involved workers and their subordinated contractors, as well as the amount of fine paid. Each register shall be reviewed monthly by our Executive Directors and the safety supervisors to monitor subcontractors and workers' discipline and to ensure the relevant safety rules and regulations are being complied with.

During the Reporting Period, there were no material non-compliance in relation to the laws and regulations concerning health and safety issues.

Below is a detailed breakdown of the Group's work-related injuries and fatalities of the past three reporting years, including the Reporting Period:

	2022	2021	2020
Number of Work-Related Fatalities:	**—**	—	—
— Rate of work-related fatalities	**—**	—	—
Number of Work Injuries:	**—**	1	—
— Lost days due to work injury	**—**	115	—

Aspect B3: Development and Training

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

Below is a detailed breakdown of the percentage of employees received training by gender and employee category during the Reporting Period and Corresponding Period:

	Number of staff received training	**Percentage of staff received training in the category**	Number of staff received training	Percentage of staff received training in the category
Male	**1**	**0.5**	1	0.4
Female	**—**	**—**	—	—
Overall	**1**	**0.4**	1	0.3

	2022		2021	
	Number of staff received training	**Percentage of staff received training in the category**	Number of staff received training	Percentage of staff received training in the category
Senior Management	**1**	**14.3**	1	10.0
Middle Management	**—**	**—**	—	—
General	**—**	**—**	—	—
Contract or short term	**—**	**—**	—	—
Overall	**1**	**0.4**	1	0.3

Below is a detailed breakdown of training hours received by employees by gender and employee category during the Reporting Period and Corresponding Period:

	Total number of training hours	**Average Number of training hours per employee**	Total number of training hours	Average Number of training hours per employee
Male	**30**	**0.15**	5	0.02
Female	**—**	**—**	—	—
Overall	**30**	**0.13**	5	0.02

	2022		2021	
	Total number of training hours	**Average Number of training hours per employee**	Total number of training hours	Average Number of training hours per employee
Senior Management	**30**	**4.29**	5	0.50
Middle Management	**—**	**—**	—	—
General	**—**	**—**	—	—
Contract or short term	**—**	**—**	—	—
Overall	**30**	**0.13**	5	0.02

Aspect B4: Labour Standards

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

The group strictly forbids the employment of any child labour and forced labour. In order to prevent the occurrence of child labor in the operation that does not conform to the employment regulations, only employees who have reached the legal employment age are allowed to work. New employees are required to provide true and accurate personal data at the time of employment. The employer would strictly check the personal information, including but not limited to Identity cards. The Group has developed a comprehensive recruitment process to check the background of candidates. Once violations are found, the Group will seriously follow up and deal with them in accordance with relevant local laws and regulations, for example, we will contact the guardian to escort the child home.

The Group and its employees signed labour contracts in accordance with relevant laws and regulations of Hong Kong which ensures that employees can resign within the terms of their employment contract so to avoid forced labour.

During the Reporting Period, the Group has complied with policies and relevant laws and regulations regarding prevention of child labour or forced labour, and we did not identify any issues relating to child labour or forced labour that had a significant impact on the Group.

Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards.

Suppliers of goods and services, which are specific to our business and are required on a project-by-project basis to enable us to continue to carry on our business, mainly include (i) suppliers of materials required for performing construction service works such as steel, aluminium, wooden door and glass; and (ii) suppliers of other miscellaneous services such as the transportation of construction waste, the rental of machineries, testing and surveying of the quality of materials. We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. The terms of our supply contracts mainly include the type of materials or services, price, quantity and payment terms. We select suppliers mainly based on: (i) quality of materials; (ii) timeliness of delivery; (iii) previous experience with the supplier; and (iv) reputation of the supplier. We maintain a pre-approved list of suppliers from which we select our suppliers.

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skillset, such as demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment. We maintain a list of approved subcontractors who have been assessed and approved by us, from which we select our subcontractors. Our assessment may include (i) evaluating of subcontractors' recent performance; (ii) reviewing third-party assessments or certification held by our subcontractor; (iii) assessing whether our subcontractor has sufficient resources and skills to fulfil the specific requirements; (iv) reviewing their requisite licenses and registrations; and (v) reviewing the quotation and/or subcontracting fee provided. We from time to time review and update our internal list of approved subcontractors according to their performance assessment. During project implementation, our project managers will meet with the engaged subcontractors and closely monitor their work progress and performance. The contracts entered into between our Group and our subcontractors provide that our subcontractors are required to observe all the requirements and provisions of our tender document.

In addition, we evaluate if our subcontractors and suppliers consider the environmental and social criteria including the prohibition on the recruitment of child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the products and services provided are beneficial to environmental protection and fulfilling the Group's internal environmental requirement while minimizing the negative impact to natural environment, and strictly obeying the law. The Group will from time to time review and update our internal list of approved subcontractors according to their performance assessment.

We are not aware of any significant environmental and social risks on our supply chain management.

During the Reporting Period, we had 983 suppliers mainly from Hong Kong and the People's Republic of China (the "**PRC**"). The following is a detailed breakdown of the group's suppliers by region during the Reporting Period:

	For the period from 1 April 2021 to 31 March 2022	
	Number of Suppliers	**% of total**
Hong Kong	971	98.8
The PRC	12	1.2
Total	983	100.0

Note: The detailed breakdown for the Corresponding Period is not available

Aspect B6: Product Responsibility

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters regard to products and services provided by the Group during the Reporting Period.

Quality control on projects

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

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

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

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

During the Reporting Period, there are no disputes between our Group and our customers in respect of the quality of work performed by us or our subcontractors. We also did not recall any items due to safety and health reasons, as our business operation does not involve the sales of products during the Reporting Period.

Customer Services

The Group has established internal procedures for handling customer complaints. After collecting their opinions, they are classified according to their contents. The relevant departments will investigate and follow up based on the authenticity and characteristics of the content. Improvement and preventive measures are developed to continuously improve the quality of products and services.

We did not receive any complaint or claim from our customers in relation to our services during the Reporting Period.

Data protection

The Group values the privacy of personal data. We strictly follow the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) in our operation and adopt them as our Personal Data Privacy Policy.

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

Intellectual properties

The Group owned one domain name in Hong Kong. The Group requires its employees to keep trade secrets and other proprietary intellectual property rights of the Group confidential. We were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent. The Group has established an internal management team responsible for monitoring the implementation of the aforementioned policy.

Aspect B7: Anti-Corruption

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy and established guideline in employment handbook and internal policy to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering Channel such as by letter, meeting, email or phone call for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. The Group has established an internal management team responsible for monitoring the implementation of the aforementioned procedures. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees. During the Reporting Period, we had not provided any anti-corruption training to our directors and staff because we were in the process of determining and arranging appropriate resources in promoting such topics within our organization. Yet, looking ahead, we will invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group has been in strict compliance with law and regulation related to anti-corruption and prevention of bribery, extortion, fraud and money laundering, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and Prevention of Bribery Ordinance of Hong Kong (Chapter 201 of the Laws of Hong Kong). During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

Aspect B8: Community Investment

The Group adheres to the belief that it should assume the responsibility of contributing to society while developing the economy. As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.

The Group has long been concerned about the health care issue of the community. The Group donated approximately HK$28,000 to Chun Wo Charitable Foundation Limited during the Reporting Period. Chun Wo Charitable Foundation Limited was set up in 2006 to promote and support community services, education and training, health care services, sports, culture and recreation, environmental and various charitable activities. In addition, the Group also donated approximately HK$7,000 to Lifewire Foundation Limited during the Reporting Period. Lifewire Foundation Limited was founded in 2014 and focus on raising funds to provide urgent medical care for children with rare diseases and to support patients' long-term medical needs. Looking ahead, the Group will continue to shoulder social responsibilities and strive to serve the community.

REFERENCES TO THE ESG GUIDE

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	29–30
KPI A1.1	The types of emissions and respective emissions data.	Emissions	31
KPI A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity.	Emissions	31
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	Emissions	30
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	30
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions	30
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	30
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	32–33
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	32
KPI A2.2	Water consumption in total and intensity.	Use of Resources	32
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	33
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	33
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of Resources	33

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Emissions, Use of Resources and The Environment and Natural Resources	29–33
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Use of Resources and The Environment and Natural Resources	29–33
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	33–34
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	34
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	35–37
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment	36
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	37

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	38–39
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	39
KPI B2.2	Lost days due to work injury.	Health and Safety	39
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	38–39
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	39
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	39–40
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	40
Aspect B4: Labour Standards			
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Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
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Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2022.

Principal Activities

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

Results and Dividends

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 68 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2022.

Charitable Donations

During the Year, charitable donations was made by the Group amounted to approximately HK$35,000 (2021: HK$Nil).

Plant and Equipment

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

Business Review

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

Compliance with Relevant Laws and Regulations

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

Principal Risk and Uncertainties

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

— Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects

— We are reliant on the availability of construction projects from the public and private sectors in Hong Kong

— Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation

— Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

An analysis of the Group's financial risk management (including credit risk and liquidity risk) objectives and policies are provided in note 30 to the consolidated financial statements. Other risks facing the Group are set out in the section headed "Risk Factors" of the listing documents dated 19 December 2019 for Transfer of Listing (the "**Listing Documents**").

Key Performance Indicator

	As at/for the year ended 31 March	
	2022	2021
Gross profit margin[1]	**5.1%**	6.4%
Net profit margin before interest and tax[2]	**1.8%**	4.2%
Net profit margin[3]	**1.3%**	3.6%
Return on equity[4]	**5.8%**	15.6%
Return on assets[5]	**4.1%**	11.6%
Current ratio[6]	**3.5 times**	3.8 times
Gearing ratio[7]	**1.7%**	3.3%
Interest coverage[8]	**91.9 times**	204.3 times

Notes:

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

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

(3) The net profit margin is calculated by dividing the profit and total comprehensive income by revenue for the respective year multiplied by 100%.

(4) The return on equity is calculated by dividing the profit and total comprehensive income for the respective year by total equity as at the end of the respective year multiplied by 100%.

(5) The return on assets is calculated by dividing the profit and total comprehensive income for the respective year by total assets as at the end of the respective year multiplied by 100%.

(6) The current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the respective year.

(7) The gearing ratio is calculated by dividing the total debt which represents lease liabilities and bank borrowings by total equity as at the end of the respective year multiplied by 100%.

(8) The interest coverage is calculated by dividing the profit before interest and tax by finance costs incurred for the respective year.

Gross profit margin

Our Group's gross profit margin decreased from approximately 6.4% for the year ended 31 March 2021 to approximately 5.1% for the year ended 31 March 2022. Such decrease was mainly due to increase in cost of raw materials in the global markets led to increase in subcontractor costs and direct raw materials costs.

Net profit margin before interest and tax

Our Group's net profit margin before interest and tax decreased from approximately 4.2% for the year ended 31 March 2021 to approximately 1.8% for the year ended 31 March 2022 due to the substantial deterioration of global financial markets resulted in loss on financial assets at fair value through profit or loss ("**FVTPL**").

Net profit margin

For the year ended 31 March 2022, our Group's net profit margin was approximately 1.3% (2021: approximately 3.6%).

Return on equity

Our return on equity was approximately 5.8% and 15.6% for the years ended 31 March 2022 and 2021, respectively. This is mainly due to increase in net profit and increase in total equity of approximately HK$13.4 million, or 6.1% from approximately HK$218.1 million as at 31 March 2021 to approximately HK$231.5 million for the Year.

Return on assets

Our return on assets was decreased from approximately 11.6% for the year ended 31 March 2021 to approximately 4.1% for the year ended 31 March 2022. This is mainly due to (i) decrease in net profit due to loss on financial assets at FVTPL; and (ii) increase in total assets due to increase in trade receivables partially offset by increase in contract liabilities.

Current ratio

Our current ratio decreased from approximately 3.8 times as at 31 March 2021 to approximately 3.5 times as at 31 March 2022. This is mainly due to the increase in contract liabilities.

Gearing ratio

Our gearing ratio was approximately 1.7% and approximately 3.3% as at 31 March 2022 and 2021, respectively. Such decrease was primarily attributable to the decrease in bank borrowings and lease liabilities.

Interest coverage

Our interest coverage was approximately 91.9 times and approximately 204.3 times for the years ended 31 March 2022 and 2021, respectively.

Environmental Policies and Performance

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

Financial Summary

A summary of the published results and of the assets and liabilities of the Group is set out on page 124 of this annual report. The summary does not form part of the audited consolidated financial statements.

Share Capital

Details of the Company's share capital and movements during the Year are set out in note 26 to the consolidated financial statements.

Pre-Emptive Rights

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

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

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

Reserves

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 70 and note 34 to the consolidated financial statements, respectively.

Distributable Reserves

Retained earnings of the Company may be available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to the shareholders as at 31 March 2022 amounted to approximately HK$91.5 million.

Segment Information

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

Relationship with Key Stakeholders

Customers

Our customers are substantially the main contractors of construction projects in Hong Kong. For the year ended 31 March 2022, the percentage of our total revenue attributable to our largest customer amounted to approximately 46.3%, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 96.8%.

Suppliers

We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. For the year ended 31 March 2022, the percentage of the total cost of services attributable to our largest supplier amounted to approximately 0.6%, while the percentage of the total cost of services attributable to the five largest suppliers combined amounted to approximately 2.2%.

Subcontractors

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. For the year ended 31 March 2022, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 13.1%, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 41.0%.

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

Employees

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

Directors

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

Executive Directors

Mr. Tsang Chiu Kwan *(Chairman and Chief Executive Officer)*
Mr. Lau Ka Ho
Mr. Tsang Man Ping *(Chief Executive Officer) (resigned on 30 June 2021)*

Independent Non-executive Directors

Mr. Chen Yeung Tak
Mr. So Chun Man
Mr. Chung Dan *(appointed on 13 January 2022)*
Ms. Li Amanda Ching Man *(resigned on 13 January 2022)*

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

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

Accordingly, Mr. Tsang Chiu Kwan, Mr. So Chun Man and Mr. Chung Dan, will retire from office as Directors at the forthcoming annual general meeting to be held on 19 August 2022, and being eligible, offer themselves for re-election.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Group are set out on pages 8 to 10 of this annual report.

Directors' Service Contracts

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

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

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

Independence Confirmation

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

Permitted Indemnity Provision

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

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

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

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any of its associated corporations were granted to any Directors or their respective spouse or children under 18 years of age and no such rights have been exercised by them during the year ended 31 March 2022. Neither the Company nor any of its subsidiaries were a party to any arrangements to enable any Directors or their respective spouses or children under the age of 18 years to acquire such rights from any other body corporates.

Contract of Significance

Save as disclosed in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the Year.

Retirement Benefit Scheme

Details of the Group's retirement benefit scheme are set out in note 27 to the consolidated financial statements.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 to the Listing Rules, were as follows:

(i) Long position in the Shares of the Company

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

Notes:

1. The letter (L) denotes the person's long interest in the Shares of the Company.

2. Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King International Investment Limited ("**Universe King**") and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

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

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

Save as disclosed above and so far as is known to the Directors, as at 31 March 2022, none of the Directors or chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 13 of Appendix 16 to the Listing Rules.

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

As at 31 March 2022, so far as is known to the Directors, the following persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares or the underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Tsang Chiu Kwan (Note 2)	Interest in a controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Leung Wai Ling ("**Ms. Leung**") (Note 3)	Interest of spouse	104,625,000 Shares (L)	28.125%
Universe King	Beneficial owner	104,625,000 Shares (L)	28.125%
Ms. Tsang Hoi Ching (Note 4)	Interest in a controlled corporation	33,625,000 Shares (L)	9.039%
Great Star Investment Group Limited ("**Great Star**")	Beneficial owner	33,625,000 Shares (L)	9.039%
Mr. Lai Wai Lam Ricky ("**Mr. Lai**") (Note 5)	Interest in a controlled corporation	62,775,000 Shares (L)	16.875%
Ms. Chu Siu Ping ("**Ms. Chu**") (Note 6)	Interest of spouse	62,775,000 Shares (L)	16.875%
Giant Winchain Limited ("**Giant Winchain**")	Beneficial owner	62,775,000 Shares (L)	16.875%

Notes:

1. The letter (L) denotes the person's long interest in the Shares of the Company.

2. Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

3. Ms. Leung is the spouse of Mr. Tsang Chiu Kwan and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Chiu Kwan for purposes of the SFO.

4. Ms. Tsang Hoi Ching beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

5. Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.

6. Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, the Directors are not aware of any person who, as at 31 March 2022, had an interest or short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Share Option Scheme

The share option scheme of the Company (the "**Share Option Scheme**") is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was adopted on 23 January 2018 (the "**Adoption**"), amended and modified by the resolutions of the Board on 16 December 2019. The Share Option Scheme has a life of 10 years commencing on 13 February 2018 (the "**GEM Listing Date**"), which will expire on 12 February 2028. As of the date of this annual report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

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

(a) Purpose of the Share Option Scheme

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

(b) Who may join

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

(c) Grant of Option

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

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

(d) Price of Shares

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

(e) Maximum number of Shares

(i) Subject to the sub-paragraphs (ii), (iii) and (iv) below, the maximum number of shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other schemes of our Group must not in aggregate exceed 10% of our Shares in issue as at the adoption date (i.e. 23 January 2018) (the "Scheme Mandate Limit") unless approved by our shareholders pursuant to the sub-paragraph (iii) below. options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 372,000,000 Shares in issue on GEM Listing Date, the Scheme Mandate Limit shall be equivalent to 37,200,000 Shares, representing 10% of our Shares in issue as at the GEM Listing Date.

(ii) Subject to the sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by our shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the shares in issue as at the date of approval of such renewal by our shareholders in general meeting. Upon such renewal, all options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to our shareholders containing such relevant information from time to time as required by the Listing Rules.

(iii) Subject to the sub-paragraph (iv) below, our Board may seek separate shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the eligible participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our shareholders containing such relevant information from time to time as required by the Listing Rules.

(iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over our shares or other securities by our Company must not, in aggregate, exceed 30% of the shares in issue from time to time. Notwithstanding anything contrary to the terms of the Share Option Scheme, no options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in the said 30% limit being exceeded.

(f) Time of exercise of Option

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

Equity-linked Agreement

Other than the Share Option Scheme as disclosed under section headed “Share Option Scheme” of this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year and subsisted at the end of the Year.

Directors’ Interests in Transactions, Arrangements or Contracts

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

Competing Interest

For the year ended 31 March 2022, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

Related Party Transactions

Details of the related party transactions entered into by the Group are set out in note 32 to the consolidated financial statements. Such related party transactions are continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Connected Transaction and Continuing Connected Transaction

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

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

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year ended 31 March 2022.

Sufficiency of Public Float

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

Events After the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this annual report.

Auditor

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

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

Closure of Register of Members

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Friday, 19 August 2022, the register of members of the Company will be closed from 15 August 2022 to 19 August 2022 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 August 2022.

Corporate Governance

Details of the corporate governance practices adopted by the Company are set out on pages 11 to 24 of this annual report.

Review by Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2022 have been reviewed by the audit committee of the Company. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2022 comply with applicable financial reporting standards, Listing Rules, and that adequate disclosures have been made.

On behalf of the Board

Tsang Chiu Kwan
Chairman and Executive Director

Hong Kong, 29 June 2022

Deloitte. 德勤

TO THE SHAREHOLDERS OF GAIN PLUS HOLDINGS LIMITED
德益控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Gain Plus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 68 to 123, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 (the "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 matter	How our audit addressed the key audit matter
Recognition of revenue from construction contracts	
We identified the recognition of revenue from construction contracts as a key audit matter due to the significance of the Group's revenue in the context of the Group's consolidated financial statements as a whole and management estimations are required in determining the progress towards complete satisfaction of the performance obligation and the amount of contract revenue recognised. As set out in note 4 to the consolidated financial statements, the management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works. The Group recognised revenue of HK$1,063,898,000 from these contracts for the year ended 31 March 2022 as shown in the consolidated statement of profit or loss and other comprehensive income. The accounting policy and the details of the related revenue recognition are set out in notes 3 and 5 to the consolidated financial statements, respectively.	Our procedures in relation to recognition of revenue from construction contracts included: • Testing controls relevant to our audit on revenue recognition; • Verifying the amount of revenue recognised by checking to contracts and work progress reports; • Verifying the reasonableness of the contract revenue by checking to the latest payment certificates issued by the customers before year end date, on a sample basis; • Visiting selected construction sites, on a sample basis, to observe the existence of the construction work and interview the site project managers for the progress of the construction work; and • assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of construction contracts, on a sample basis.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

Deloitte Touche Tohmatsu
Certified Public accountants
Hong Kong
29 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**1,063,898**	951,249
Cost of services		**(1,009,191)**	(890,718)
Gross profit		**54,707**	60,531
Other income, other gains and losses	7	**(12,163)**	6,810
Impairment losses under expected credit loss model, net of reversal	8	**(1,892)**	(3,362)
Administrative expenses		**(21,543)**	(24,131)
Finance costs	9	**(208)**	(195)
Profit before taxation		**18,901**	39,653
Income tax expense	10	**(5,579)**	(5,581)
Profit and total comprehensive income for the year attributable to owners of the Company	11	**13,322**	34,072
Earnings per share	14		
Basic (HK cents)		**3.58**	9.16

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Plant and equipment	15	**2,740**	1,628
Right-of-use assets	16	**259**	—
Deposits for acquisition of plant and equipment		**—**	60
Deferred tax assets	24	**1,289**	1,085
		4,288	2,773
Current assets			
Trade and other receivables	17	**142,607**	93,443
Financial assets at fair value through profit or loss ("FVTPL")	18	**24,124**	—
Contract assets	19	**94,963**	135,713
Tax recoverable		**343**	205
Bank balances	20	**57,641**	61,838
		319,678	291,199
Current liabilities			
Trade and other payables	21	**70,290**	68,463
Financial liabilities at FVTPL		**37**	—
Bank borrowings	22	**3,705**	7,025
Contract liabilities	23	**18,215**	121
Lease liabilities	25	**266**	208
		92,513	75,817
Net current assets		**227,165**	215,382
Total assets less current liabilities		**231,453**	218,155
Non-current liability			
Lease liabilities	25	**—**	24
Net assets		**231,453**	218,131
Capital and reserves			
Share capital	26	**3,720**	3,720
Reserves		**227,733**	214,411
Total equity		**231,453**	218,131

The consolidated financial statements on pages 68 to 123 were approved and authorised for issue by the board of directors on 29 June 2022 and are signed on its behalf by:

Tsang Chiu Kwan
Director

Lau Ka Ho
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Other reserve HK$'000 (note b)	Retained earnings HK$'000	Total HK$'000
At 1 April 2020	3,720	132,532	(48,883)	(3,337)	100,027	184,059
Profit and total comprehensive income for the year	—	—	—	—	34,072	34,072
At 31 March 2021	**3,720**	**132,532**	**(48,883)**	**(3,337)**	**134,099**	**218,131**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**13,322**	**13,322**
At 31 March 2022	**3,720**	**132,532**	**(48,883)**	**(3,337)**	**147,421**	**231,453**

Notes:

(a) The capital reserve represents the difference between the nominal value of share capital of Nation Max Holdings Limited ("Nation Max") and Double Gain Engineering Limited ("Double Gain") upon insertion of Nation Max between Double Gain and its then shareholders as part of the group reorganisation on 23 January 2019.

(b) Other reserve brought forward from prior year represents the differences between the principal amount of amounts due from Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, both being the then shareholders of the Company, and present value of estimated future cash flows discounted at the original effective interest rate, and the differences are recognised directly in equity as deemed distributions.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Operating activities		
Profit before taxation	**18,901**	39,653
Adjustments for:		
Depreciation of right-of-use assets	**259**	533
Depreciation of plant and equipment	**1,595**	1,124
Increase in fair value of financial liabilities at FVTPL	**(1,477)**	—
Decrease in fair value of financial assets at FVTPL	**15,559**	—
Interest income	**(1,328)**	(69)
Impairment losses under expected credit loss model, net of reversal	**1,892**	3,362
Finance costs	**208**	195
Gain on disposals of plant and equipment	**(272)**	(66)
Operating cash flows before movements in working capital	**35,337**	44,732
Increase in trade and other receivables	**(50,226)**	(347)
Decrease (increase) in contract assets	**39,953**	(31,968)
Increase in trade and other payables	**1,827**	3,165
Increase (decrease) in contract liabilities	**18,094**	(15,752)
Cash generated from (used in) operations	**44,985**	(170)
Income tax paid	**(5,921)**	(9,591)
Net cash from (used in) operating activities	**39,064**	(9,761)
Investing activities		
Proceeds from disposal of financial assets at FVTPL	**24,588**	—
Proceeds from disposal of financial liabilities at FVTPL	**8,369**	—
Interest received	**1,295**	69
Proceeds from disposals of plant and equipment	**518**	77
Deposits paid for acquisition of plant and equipment	**—**	(60)
Purchase of financial assets at FVTPL	**(64,271)**	—
Purchases of plant and equipment	**(2,893)**	(81)
Purchase of financial liabilities at FVTPL	**(6,855)**	—
Payments of loan receivables	**(3,024)**	—
Proceeds from settlement of loan receivables	**3,024**	—
Net cash (used in) from investing activities	**(39,249)**	5

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Financing activities		
New bank borrowings raised	**3,705**	7,656
Repayments of bank borrowings	**(7,025)**	(8,576)
Repayments of lease liabilities	**(484)**	(713)
Interest paid on bank borrowings	**(187)**	(176)
Interest paid on lease liabilities	**(21)**	(19)
Net cash used in financing activities	**(4,012)**	(1,828)
Net decrease in cash and cash equivalents	**(4,197)**	(11,584)
Cash and cash equivalents at the beginning of the year	**61,838**	73,422
Cash and cash equivalents at the end of the year	**57,641**	61,838

1. General Information

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

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

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid–19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has 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)

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

Impacts on application of amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform — Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures".

As at 1 April 2021, the Group has bank borrowings amounting to HK$7,025,000, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 30.

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[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments:

- update a reference in HKFRS 3 "Business Combinations" so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (Continued)

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

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

Amendments to HKAS 8 "Definition of accounting Estimates" (Continued)

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

In addition, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the provisions for decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related assets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$259,000 and HK$266,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

Amendments to HKAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent assets", the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

3.1 Basis of preparation of consolidated financial statements

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

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which 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 of goods and services.

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

3.1 Basis of preparation of consolidated financial statements (Continued)

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

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.

3.2 Significant accounting policies

Basis of consolidation

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

- has power over the investee;

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

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

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

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

3.2 Significant accounting policies (Continued)

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.

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

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

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

Output method

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

Variable consideration

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

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

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

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

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

Borrowing costs

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

Government grants

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

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

Retirement benefit costs

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

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

3.2 Significant accounting policies (Continued)

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

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

3.2 Significant accounting policies (Continued)

Plant and equipment

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

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

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

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

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

3.2 Significant accounting policies (Continued)

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(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 is included in the "other income, other gains and losses" 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 trade and other receivables and bank balances), and other item (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

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.

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

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

Derecognition

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

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

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

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

4. Key Sources of Estimation Uncertainty

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

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

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

Measurement of value of construction works

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

Provision of ECL for trade receivables and contract assets

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 17, 19 and 30 respectively.

5. Revenue

(i) Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Types of services		
Provision of building construction services	**89,464**	98,800
Provision of RMAA Services	**974,434**	852,449
Total	**1,063,898**	951,249
Timing of revenue recognition		
Over time	**1,063,898**	951,249

(ii) Performance obligations for contracts with customers

Construction services

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

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

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 3 months to 2 years (2021: 3 months to 2 years) from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of building construction services and RMAA Services as at 31 March 2022 amounting to HK$168,171,000 and HK$1,836,793,000 (2021: HK$54,141,000 and HK$1,116,927,000), respectively. Management expects that all the remaining performance obligations will be recognised as revenue over 1 to 3 years (2021: 1 to 2 years) from the end of the reporting period.

6. Segment Information

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

The Group's revenue from external customers was derived solely from its operations in Hong Kong during both years, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2022 and 2021.

Information about major customers

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

	2022 HK$'000	2021 HK$'000
Customer A	**492,140**	385,735
Customer B	**398,874**	322,069
Customer C	**N/A#**	97,234
Customer D	**N/A#**	96,501

Revenue from the customer is less than 10% of the total revenue of the Group.

7. Other Income, Other Gains and Losses

	2022 HK$'000	2021 HK$'000
Other income:		
Investment interest income	**1,252**	—
Loans interest income	**76**	—
Handling income	**46**	81
Subsidies from Employment Support Scheme	**—**	6,434
Bank interest income	**—**	69
	1,374	6,584
Other gains and losses:		
Increase in fair value of financial liabilities at FVTPL	**1,477**	—
Decrease in fair value of financial assets at FVTPL	**(15,559)**	—
Gain on disposals of plant and equipment	**272**	66
Others	**273**	160
	(13,537)	226
Total other income, other gains and losses	**(12,163)**	6,810

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

	2022 HK$'000	2021 HK$'000
Impairment losses recognised on:		
— Trade receivables	**1,095**	29
— Contract assets	**797**	3,333
	1,892	3,362

Details of impairment assessment for the year ended 31 March 2022 are set out in note 30.

9. Finance Costs

	2022 HK$'000	2021 HK$'000
Interest on bank borrowings	**187**	176
Interest on lease liabilities	**21**	19
	208	195

10. Income Tax Expense

	2022 HK$'000	2021 HK$'000
The income tax expense comprises:		
Hong Kong Profits Tax:		
Current tax	**5,579**	6,259
Under provision in prior year	**204**	—
	5,783	6,259
Deferred tax (note 24)	**(204)**	(678)
	5,579	5,581

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

10. Income Tax Expense (Continued)

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

	2022 HK$'000	2021 HK$'000
Profit before taxation	**18,901**	39,653
Income tax expense at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**3,119**	6,543
Tax effect of income not taxable for tax purpose	**(264)**	(1,110)
Tax effect of expenses not deductible for tax purpose	**2,695**	323
Income tax at concessionary rate	**(165)**	(165)
Under-provision in prior year	**204**	—
Others	**(10)**	(10)
Income tax expense	**5,579**	5,581

11. Profit for the Year

	2022 HK$'000	2021 HK$'000
Profit for the year is arrived at after charging:		
Staff costs		
Gross staff costs (including directors' emoluments)	**58,472**	73,573
Directors' emoluments (see note 13)	**9,947**	14,354
Auditor's remuneration	**1,180**	930
Depreciation of plant and equipment	**1,595**	1,124
Depreciation of right-of-use assets	**259**	533

12. Dividends

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

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

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

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

	Year ended 31 March 2022				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan *(Chief executive officer)* (Note 1)	–	2,344	6,000	18	8,362
Mr. Tsang Man Ping (Note 2)	–	387	–	5	392
Mr. Lau Ka Ho	–	626	45	18	689
Subtotal	–	3,357	6,045	41	9,443

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

	Year ended 31 March 2022				
Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors:					
Mr. So Chun Man	168	–	–	–	168
Mr. Chen Yeung Tak	168	–	–	–	168
Mr. Chung Dan (Note 3)	37	–	–	–	37
Ms. Li Amanda Ching Man (Note 4)	131	–	–	–	131
Subtotal	504	–	–	–	504
Total	504	3,357	6,045	41	9,947

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

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

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

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

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

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

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

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

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

Notes:

1. Mr. Tsang Chiu Kwan was appointed as chief executive officer on 30 June 2021.
2. Mr. Tsang Man Ping ceased as chief executive officer and director on 30 June 2021.
3. Mr. Chung Dan was appointed as director on 13 January 2022.
4. Ms. Li Amanda Ching Man ceased as director on 13 January 2022.
5. Mr. Lee Alexander Patrick ceased as director on 21 July 2020.
6. Mr. Lau Ka Ho was appointed as director on 25 February 2021.

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

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

(b) Employees' emoluments

The five highest paid individuals of the Group during the year ended 31 March 2022 include one (2021: two) director, details of whose emoluments are set out above. Details of the remaining four (2021: three) highest paid individuals for the year ended 31 March 2022 are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other allowances	**1,990**	1,728
Discretionary bonus	**1,280**	1,200
Retirement benefit scheme contributions	**60**	54
	3,330	2,982

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

	2022 No. of individuals	2021 No. of individuals
Nil to HK$1,000,000	**4**	2
HK$1,000,001 to HK$1,500,000	**—**	1

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

14. Earnings Per Share

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

	2022 **HK$'000**	2021 HK$'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**13,322**	34,072

	2022 **'000**	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**372,000**	372,000

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

15. Plant and Equipment

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2020	185	1,272	612	4,531	6,600
additions	3	—	—	78	81
Disposals	—	—	—	(255)	(255)
At 31 March 2021	188	1,272	612	4,354	6,426
additions	19	—	—	2,934	2,953
Disposals	—	—	(10)	(451)	(461)
At 31 March 2022	207	1,272	602	6,837	8,918
DEPRECIATION					
At 1 April 2020	185	445	441	2,847	3,918
Provided for the year	2	255	114	753	1,124
Eliminated on disposals	—	—	—	(244)	(244)
At 31 March 2021	187	700	555	3,356	4,798
Provided for the year	9	254	39	1,293	1,595
Eliminated on disposals	—	—	(8)	(207)	(215)
At 31 March 2022	196	954	586	4,442	6,178
CARRYING VALUES					
At 31 March 2022	11	318	16	2,395	2,740
At 31 March 2021	1	572	57	998	1,628

15. Plant and Equipment (Continued)

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

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

16. Right-of-Use Assets

	Motor vehicles HK$'000	Leased property HK$'000	Total HK$'000
As at 31 March 2022			
Carrying amount	—	259	259
As at 31 March 2021			
Carrying amount	—	—	—
For the year ended 31 March 2022			
Depreciation charge	—	259	259
For the year ended 31 March 2021			
Depreciation charge	242	291	533

	2022 HK$'000	2021 HK$'000
Total cash outflow for leases	**505**	732
Additions to right-of-use assets	**518**	—

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

17. Trade and Other Receivables

	2022 HK$'000	2021 HK$'000
Trade receivables	**96,902**	50,161
Less: allowance for credit losses	**(2,636)**	(1,541)
	94,266	48,620
Prepayments to subcontractors	**37,192**	38,759
Other receivables and prepayments (note)	**11,149**	6,064
Total trade and other receivables	**142,607**	93,443

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$59,454,000.

Note: As at 31 March 2022, included in other receivables and prepayments mainly represent the surety bond paid to a main contractor amounting to HK$5,100,000 (2021: HK$5,100,000).

Trade receivables

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

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

	2022 HK$'000	2021 HK$'000
1–30 days	**60,680**	31,702
31–60 days	**25,993**	16,180
61–90 days	**6,600**	1,311
Over 90 days	**3,629**	968
	96,902	50,161
Less: allowance for credit losses	**(2,636)**	(1,541)
	94,266	48,620

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$34,518,000 (2021: HK$17,844,000) which are past due as at the reporting date. Out of the past due balances, HK$2,619,000 (2021: HK$873,000) has been past due 90 days or more and is not considered as in default since the Group is still engaging with those corresponding debtors in active projects or the Group considers good cooperation relationships with these debtors exist and with good repayment record. The Group does not hold any collateral over these balances.

Details of impairment assessment are set out in note 30.

18. Financial Assets at Fair Value Through Profit or Loss

	2022 HK$'000	2021 HK$'000
Listed equity shares (note a)	7,805	—
Unlisted equity-linked notes	1,593	—
Unlisted fund investments (note b)	14,726	—
	24,124	—

Notes:

(a) The listed equity shares are measured at fair value at recurring basis, by reference to market bid price in an active market.

(b) The unlisted fund investments are measured at fair value with reference to net asset values of it provided by the fund managers.

19. Contract Assets

	2022 HK$'000	2021 HK$'000
Analysed as current:		
Retention receivables of construction contracts (note a)	5,112	7,738
Unbilled revenue of construction contracts (note b)	96,263	133,590
	101,375	141,328
Less: Allowance for credit losses	(6,412)	(5,615)
	94,963	135,713

As at 1 April 2020, contract assets amounted to HK$117,385,000.

Notes:

(a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. As at 31 March 2022, the due dates for retention receivables are one to two years (2021: one to two years) after the completion of construction work.

(b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

19. Contract Assets (Continued)

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

Details of the impairment assessment are set out in note 30.

20. Bank Balances

As at 31 March 2022, bank balances carried interest at prevailing market interest rates which were ranging from 0.01% to 0.3% (2021: 0.05% to 1.45%) per annum.

21. Trade and Other Payables

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

	2022 HK$'000	2021 HK$'000
Trade payables	60,682	55,930
Retention payables	4,536	5,860
Accruals	5,072	6,673
Total trade and other payables	70,290	68,463

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

	2022 HK$'000	2021 HK$'000
1–30 days	35,660	36,574
31–60 days	8,599	3,122
61–90 days	1,804	3,757
Over 90 days	14,619	12,477
	60,682	55,930

21. Trade and Other Payables (Continued)

Retention payables represent the retention money withheld from the amounts payable for work performed by the subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% portion is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 2 years from the date of the completion of respective project. The amount is unsecured, interest-free and repayable at the end of the defective liability period of respective contract. As at 31 March 2022, all the retention payables were aged within one to two years (2021: aged within one to two years).

22. Bank Borrowings

	2022 HK$'000	2021 HK$'000
The carrying amounts of bank borrowings that are repayable:		
Within one year	**3,705**	7,025

At 31 March 2022, bank borrowings are variable-rate borrowings which carry interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") + 1–2% per annum (2021: HIBOR + 3–4% per annum).

As at 31 March 2022, the bank borrowings are secured by financial assets at FVTPL of the Group with an aggregate carrying amount of HK$24,124,000. As at 31 March 2021, bank borrowings were unsecured.

23. Contract Liabilities

	2022 HK$'000	2021 HK$'000
Advances from customers of construction contracts	**18,215**	121

As at 1 April 2020, contract liabilities amounted to HK$26,180,000.

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

Revenue from construction contracts recognised during the year ended 31 March 2022 that was included in the contract liabilities at the beginning of the year was HK$121,000 (2021: HK$26,059,000).

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

Construction contracts

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

24. Deferred Taxation

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

	Impairment on trade receivables and contract assets HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2020	626	(219)	407
Credit to profit or loss (note 10)	555	123	678
At 31 March 2021	1,181	(96)	1,085
Credit (charge) to profit or loss (note 10)	312	(108)	204
At 31 March 2022	1,493	(204)	1,289

25. Lease Liabilities

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**266**	208
Within a period of more than one year but not more than two years	**—**	24
	266	232
Less: Amount due for settlement with 12 months shown under current liabilities	**(266)**	(208)
Amount due for settlement after 12 months shown under non-current liability	**—**	24

The weighted average incremental borrowing rates applied to lease liabilities is 5.13% (2021: from 1.75% to 1.80%).

26. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020 and 31 March 2021 and 2022	780,000,000	7,800
Issued and fully paid:		
At 1 April 2020 and 31 March 2021 and 2022	372,000,000	3,720

27. Retirement Benefit Plans

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

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss for the year ended 31 March 2022 is HK$1,725,000 (2021: HK$2,090,000), which represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

28. Capital Commitments

	2022 HK$'000	2021 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	–	1,644

29. Capital Risk Management

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

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

29. Capital Risk Management (Continued)

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

30. Financial Instruments

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Amortised cost	**162,847**	116,185
Fair value	**24,124**	—
Financial liabilities		
Amortised cost	**68,923**	68,815
Fair value	**37**	—

Financial risk management objectives and policies

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

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 25 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 22 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The directors of the Company consider that the exposure of cash from interest rate risk arising from variable-rate bank borrowings is insignificant.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Other price risk

The Group is exposed to equity price risk through its investments in financial assets at FVTPL and financial liabilities at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Other price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower while all other variables were held constant, the profit for the year ended 31 March 2022 would increase/decrease by HK$1,204,000 as a result of the changes in fair value of financial assets at FVTPL and financial liabilities at FVTPL.

Credit risk and impairment assessment

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

Trade receivables and contract assets arising from contracts with customers

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

The Group is exposed to concentration of credit risk as at 31 March 2022 on trade receivables and contract assets (2021: trade receivables and contract assets) from the Group's three major customers amounting to HK$158,440,000 (2021: HK$149,839,000) and accounted for 84% (2021: 81%) of the Group's total trade receivables and contract assets. In the opinion of the management of the Group, the major customers of the Group are certain reputable organisations in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard.

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

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

Bank balances

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

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

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

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2022 HK$'000	Gross carrying amount 2021 HK$'000
Financial assets at amortised cost						
Trade receivables	17	N/A	(Note)	Lifetime ECL (not credit-impaired)	**95,964**	50,161
			(Note)	Lifetime ECL (credit-impaired)	**938**	—
Other receivables	17	N/A	Low risk	12m ECL (not credit-impaired)	**10,940**	5,727
Bank balances	20	Aa3/A (2021: Aa3/A1)	N/A	12m ECL (not credit-impaired)	**57,641**	61,838
Other item:						
Contract assets	19	N/A	(Note)	Lifetime ECL (not credit-impaired)	**101,375**	141,328

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

Gross carrying amount

Internal credit rating	2022 Trade receivables HK$'000	2022 Contract assets HK$'000	2021 Trade receivables HK$'000	2021 Contract assets HK$'000
Low risk	**4,778**	**34,244**	550	2,088
Watch list	**89,030**	**65,992**	48,643	139,053
Doubtful	**2,156**	**1,139**	968	187
Loss	**938**	**—**	—	—
	96,902	**101,375**	50,161	141,328

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The estimated loss rates are determined based on internal credit ratings, past due status and repayment history of respective trade receivables and contract assets taking into consideration forward-looking information that is reasonable and supportable, that is available without undue cost or effort. Management performs review regularly to ensure relevant information about specific debtors is updated. During the year ended 31 March 2022, the expected credit loss rates for not credit-impaired trade receivables and contract assets are ranging from 0.93% to 32.62% (2021: 0.13% to 9.81%).

During the year ended 31 March 2022, the Group provided HK$1,095,000 (2021: HK$29,000) and provided HK$797,000 (2021: HK$3,333,000) impairment allowance for trade receivables and contract assets respectively.

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

	Trade receivables (not credit-impaired) HK$'000	Trade receivables (credit-impaired) HK$'000	Contract assets (not credit-impaired) HK$'000	Total HK$'000
At 1 April 2020	1,512	—	2,282	3,794
Impairment loss recognised	1,538	—	5,107	6,645
Impairment loss reversed	(1,509)	—	(1,774)	(3,283)
At 31 March 2021	1,541	—	5,615	7,156
Impairment loss recognised	1,603	938	6,411	8,952
Impairment loss reversed	(1,446)	—	(5,614)	(7,060)
At 31 March 2022	1,698	938	6,412	9,048

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

Liquidity risk

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

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

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2022					
Non-derivative financial liabilities					
Trade and retention payables	—	65,218	—	65,218	65,218
Bank borrowings	1.52	3,761	—	3,761	3,705
		68,979	—	68,979	68,923
Lease liabilities	5.13	272	—	272	266
At 31 March 2021					
Non-derivative financial liabilities					
Trade and retention payables	—	60,067	1,723	61,790	61,790
Bank borrowings	3.14	7,136	—	7,136	7,025
		67,203	1,723	68,926	68,815
Lease liabilities	1.77	210	23	233	232

Interest rate benchmark reform

As listed in note 22, several of the Group's HIBOR bank borrowings may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Interest rate benchmark reform (Continued)

HIBOR (Continued)

(i) *Risks arising from the interest rate benchmark reform*

The following are the key risks for the Group arising from the transition:

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

(ii) *Progress towards implementation of alternative benchmark interest rates*

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

For floating rate bank borrowings that are linked to HIBOR (the "Contracts"), the management expects the Contracts will continue to maturity and the Group does not intend to transit the Contracts to HONIA.

30. Financial Instruments (Continued)

Fair value measurements of financial instruments

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

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at			
	31 March 2022 HK$'000	31 March 2021 HK$'000	**Fair value hierarchy**	**Valuation technique and key input**
Financial assets at FVTPL				
Listed equity shares	**7,805**	—	Level 1	Quoted ask prices in an active market
Unlisted equity-linked notes	**1,593**	—	Level 3	Monte Carlo Simulation Key unobservable inputs: Volatility, drift rate and discount rate
Unlisted fund investments	**14,726**	—	Level 3	Inputs obtained from broker quotes or a pricing service that are indicative and not corroborated with observable market date
Financial liabilities at FVTPL				
Short position in listed equity securities	**37**	—	Level 1	Quoted ask prices in an active market

There were no transfers between Level 1, 2 and 3 in both periods.

The fair value of equity-linked notes is determined as the average of the results based on substantial number of iterations of the underlying assets by Monte Carlos Simulation. Key unobservable inputs include volatility, drift rate and discount rate, the higher volatility and discount rate, the lower the fair value and the higher drift rate, the higher the fair value.

The fair value of listed equity shares and short position in listed equity securities are measured based on the quoted ask price as at the end of the reporting period, being the last trading date of the shares and options at the end of the reporting period.

30. Financial Instruments (Continued)

Fair value measurements of financial instruments (Continued)

a. Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

In accounting for the fair value measurement of the unlisted fund investments, the management of the Group has determined that the reported net asset values of unlisted fund investments provided by the fund managers represent the fair value of the unlisted private equity funds. The fund managers used methodology based on relevant comparable data whether possible to quantify the adjustment from cost or latest financing price when adjustment if necessary, or to determine the closing price per share quoted on the relevant stock exchanges, or to justify that cost or latest financing price is still a proper approximately of fair value of the underlying investments held by the unlisted private equity funds in determining the net asset values. The factors to be considered in fund managers' assessment may require the exercise of the judgment. The underlying investments of HK$14,726,000 held by the unlisted fund were valued using cost or latest finance price without adjustment.

For the underlying investments valued using cost or latest financing price without adjustment or latest financing price without adjustment, there is no significant unobservable input. The higher the reported net asset values of the unlisted fund investments are, the higher the fair value of the unlisted fund investments is.

b. Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
Equity-linked notes and unlisted fund investments	
At 1 April 2021	—
Purchase	17,000
Total loss:	
— In profit or loss	(681)
At 31 March 2022	16,319

Note: The loss arising from the remeasurement are presented in the "other income, other gains and losses" line item in the consolidated statement of profit or loss.

c. Pledge of financial instruments

Financial instrument amounted HK$24,124,000 has been pledged for bank borrowings.

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

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

31. Reconciliation of Liabilities Arising from Financing Activities

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

	Bank borrowings HK$'000 (Note 22)	Lease liabilities HK$'000 (Note 25)	Total HK$'000
At 1 April 2020	7,945	945	8,890
Interest accrued	176	19	195
Financing cash flows	(1,096)	(732)	(1,828)
At 31 March 2021	7,025	232	7,257
Interest accrued	187	21	208
New lease entered	—	518	518
Financing cash flows	(3,507)	(505)	(4,012)
At 31 March 2022	3,705	266	3,971

32. Related Party Transactions

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

(i) Transactions

	2022 HK$'000	2021 HK$'000
Purchases of materials from:		
Victor Link Trading Limited (note a)	**143**	324
Management fee expenses to:		
PFH Management Services Limited (note b)	**76**	—

Notes:

(a) The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the common directors and ultimate controlling parties of Victor Link Trading Limited (Mr. Tsang Man Ping resigned as an executive Director of the Company on 30 June 2021).

(b) The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Lau Ka Ho is the common director of PFH Management Services Limited.

32. Related Party Transactions (Continued)

(ii) Compensation of key management personnel

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

	2022 HK$'000	2021 HK$'000
Fee	**504**	504
Salaries and other allowances	**12,162**	16,006
Retirement benefit scheme contributions	**74**	79
	12,740	16,589

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

33. Particular of Subsidiaries

At 31 March 2022, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Kind of legal entity	Issued and fully paid capital	Equity interest attributable to the Company as at 31 March 2022	2021	Principal activities
Directly held						
Brilliant Outstanding Investments Limited	British Virgin Islands ("BVI")	Limited liability company	United States dollar ("US$")1	**100%**	–	Dormant
Gain Large limited	BVI	Limited liability company	US$1	**100%**	–	Investments holding
Nation Max	BVI/Hong Kong	Limited liability company	US$10,000	**100%**	100%	Investment holding
Indirectly held						
Auto Earning Limited	BVI	Limited liability company	US$10,000	**100%**	–	Fund and securities investment
Double Gain	Hong Kong	Limited liability company	HK$20,010,000	**100%**	100%	Provision of building construction services and RMAA services
Golden Leasing Limited	Hong Kong	Limited liability company	HK$10,000	**100%**	–	Money lending
Hyper Date Asia Limited	Hong Kong	Limited liability company	HK$1	**100%**	–	Provision of trust or company services

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

34. Statement of Financial Position and Reserves of the Company

	2022 HK$'000	2021 HK$'000
Non-current asset		
Investments in subsidiaries	**68,972**	68,893
Current assets		
Prepayments	**113**	129
Amounts due from subsidiaries (Note)	**29,318**	10,014
Bank balances	**771**	16,780
	30,202	26,923
Current liabilities		
Amounts due to subsidiaries	**3,368**	—
Accruals	**542**	594
	3,910	594
Net current assets	**26,292**	26,329
Net assets	**95,264**	95,222
Capital and reserves		
Share capital	**3,720**	3,720
Reserves	**91,544**	91,502
Total equity	**95,264**	95,222

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

Movement of the reserves of the Company is as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	132,532	(39,404)	93,128
Loss and total comprehensive expenses for the year	—	(1,626)	(1,626)
At 31 March 2021	132,532	(41,030)	91,502
Profit and total comprehensive income for the year	—	42	42
At 31 March 2022	132,532	(40,988)	91,544

Financial Summary

Results

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,063,898**	951,249	932,763	878,762	527,114
Profit for the year attributable to owners of the Company	**13,322**	34,072	24,499	38,268	9,678

Assets and Liabilities

	At 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**323,966**	293,972	287,554	281,820	235,932
Total liabilities	**(92,513)**	(75,841)	(103,495)	(122,260)	(112,707)
Total equity	**231,453**	218,131	184,059	159,560	123,225