Beaver Group (Holding) Company Limited
永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8275

ANNUAL REPORT 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the "**Directors**") of Beaver Group (Holding) Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau

Independent Non-executive Directors

Mr. Cheung Chung Chuen George
(resigned on 1 June 2021)
Mr. Law Ching Ning Paschal *(resigned on 1 June 2021)*
Mr. Leung Wai Hung *(resigned on 1 March 2021)*
Mr. He Dingding *(appointed on 14 May 2021)*
Ms. Chan Wan Ling Sammi *(appointed on 1 June 2021)*
Ms. Liu Ching Man *(appointed on 1 June 2021)*

BOARD COMMITTEES

Audit Committee

Mr. Leung Wai Hung *(Chairman)*
(resigned on 1 March 2021)
Mr. He Dingding *(Chairman)*
(appointed on 14 May 2021)
Mr. Cheung Chung Chuen George
(resigned on 1 June 2021)
Mr. Law Ching Ning Paschal *(resigned on 1 June 2021)*
Ms. Chan Wan Ling Sammi *(appointed on 1 June 2021)*
Ms. Liu Ching Man *(appointed on 1 June 2021)*

Remuneration Committee

Mr. Law Ching Ning Paschal *(Chairman)*
(resigned on 1 June 2021)
Ms. Liu Ching Man *(Chairman) (appointed on 1 June 2021)*
Mr. Cheung Chung Chuen George
(resigned on 1 June 2021)
Mr. Leung Wai Hung *(resigned on 1 March 2021)*
Mr. He Dingding *(appointed on 14 May 2021)*
Ms. Chan Wan Ling Sammi *(appointed on 1 June 2021)*

Nomination Committee

Mr. Cheung Chung Chuen George *(Chairman)*
(resigned on 1 June 2021)
Ms. Chan Wan Ling Sammi *(Chairman)*
(appointed on 1 June 2021)
Mr. Law Ching Ning Paschal *(resigned on 1 June 2021)*
Mr. Leung Wai Hung *(resigned on 1 March 2021)*
Mr. He Dingding *(appointed on 14 May 2021)*
Ms. Liu Ching Man *(appointed on 1 June 2021)*

COMPANY SECRETARY

Ms. Yim Sau Ping *(FCPA)*

AUTHORISED REPRESENTATIVES

Mr. Tang Kwai Leung Stanley
Ms. Yim Sau Ping *(FCPA)*

COMPLIANCE OFFICER

Mr. Tang Kwai Leung Stanley

INDEPENDENT AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Michael Li & Co.
19/F., Prosperity Tower
No. 39 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

Corporate Information

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1204, 12/F, Block 2
Golden Industrial Building, 16–26 Kwai Tak Street
Kwai Chung, New Territories
Hong Kong

PRINCIPAL BANKS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

STOCK CODE

8275

COMPANY'S WEBSITE

www.beavergroup.com.hk

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "**Board**") of Directors, I present the annual report of the Group for the year ended 31 March 2021.

PROSPECT

During the reporting year, the Group's business in the provision of construction services in the construction industry has been confronting challenges under COVID-19 pandemic in Hong Kong. Although revenue generated for the construction contract has increased during the reporting year, the profitability of the construction projects decreased due to the intensified market competition in the construction industry.

Despite the underperformed result and stringent market environment of the construction industry, the Group will continue to deploy our efforts in tendering for contracts, particularly contracts which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in results of the business. The Group is also actively seeking potential business opportunities that can widen the income streams and increase the return of shareholders.

Looking forward to 2021, we expect the ongoing COVID-19 pandemic will continue to pose a challenge to Hong Kong's economy and construction industry in the foreseeable future. However, the Group is cautiously optimistic about the business prospects of the Group as the Group will give sustained impetus to the growth of the group from two aspects.

Firstly, we will continue to do our best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve our operational efficiency and the profitability of our business.

Secondly, we will put our great efforts on talent cultivation. The speciality and quality of employees will have an important impact on the development of the group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for their continued support.

Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 22 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

For the year ended 31 March 2021, the Group recorded a net loss of approximately HK$14.7 million as compared to a net loss of approximately HK$12.6 million for the same period in 2020. The Directors are of the view that the net loss were primarily due to (i) delay in progress of certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic; and (ii) loss arising from the increase of an allowance for impairment loss of financial assets of approximately HK$9.7 million during the year ended 31 March 2021.

OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The outbreak of the COVID-19 throughout the year has created economic uncertainty to Hong Kong and imposed negative impacts on the foundation industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government. Looking ahead, the Group will continue to strive to improve its operational efficiency and the profitability of its business. The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business are as follows:

- the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect its financial results;

- the Group's foundation works are exposed to the risk of unexpected geological or sub-soil conditions;

- non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group's subcontractors may adversely affect its operation and profitability; and

- the Group's customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are 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. During the year ended 31 March 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The details of ESG performance of the Group are set out in the ESG Report on pages 28 to 61 of this annual report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains a good relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's business and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2021 was approximately HK$141.8 million, representing an increase by approximately 63.0% from approximately HK$87.0 million for the year ended 31 March 2020, which was primarily attributable to increase of contracts awarded during the year.

Cost of sales

The Group's cost of sales for the year ended 31 March 2021 was approximately HK$126.6 million, representing an increase of approximately 65.3% from approximately HK$76.6 million for the year ended 31 March 2020, which was primarily due to (i) an increase in costs of construction materials and labour costs as a result of the increasing construction activities undertaken by the Group and (ii) increase in overtime payment to staff to avoid further delay in progress of certain projects during the year ended 31 March 2021.

Gross profit and gross profit margin

Due to the increase in the Group's revenue, the Group's gross profit for the year ended 31 March 2021 were approximately HK$15.2 million, representing an increase of approximately 46.2% from approximately HK$10.4 million for the year ended 31 March 2020.

The Group's gross profit margin decreased from approximately 11.9% to 10.7% for the year of comparison. Such decrease was primarily contributed by increase in overtime payment to staff to avoid further delay in progress of certain projects during the year ended 31 March 2021.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2021 were approximately HK$15.3 million, representing an increase of approximately 2.7% from approximately HK$14.9 million for the year ended 31 March 2020. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fee and other administrative expenses. The increase was mainly attributable to legal and professional fee incurred for the rights issue during the reporting year.

Management Discussion and Analysis

Loss for the year

For the year ended 31 March 2021, the Group recorded a loss attributable to owners of the Company of approximately HK$14.7 million as compared to loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK$12.6 million. The loss attributable to owners of the Company was mainly due to (i) delay in progress of certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic; and (ii) loss arising from an increase of an allowance for impairment loss of financial assets of approximately HK$9.7 million during the year ended 31 March 2021.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2021, 300,000,000 rights shares were allotted and issued and the capital of the Company only comprises ordinary shares.

During the year ended 31 March 2021, the Group finances its liquidity and capital requirements primarily though cash generated from operations, bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2020 Rights Issue (as defined below).

As at 31 March 2021, the Group had bank and cash balances of approximately HK$7.5 million (2020: approximately HK$5.5 million).

As at 31 March 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK$54.8 million (2020: approximately HK$62.6 million). As of the same date, the Group's total debts, comprising bank and other borrowings and lease liabilities, amounted to approximately HK$35.2 million (2020: approximately HK$47.5 million).

The Directors believe that the Group is in a healthy financial position to expand its business and pursue its business objectives.

2020 Rights Issue

On 10 August 2020, the Company announced a proposed rights issue on the basis of 1 rights share for every 2 existing shares (the "**2020 Rights Issue**") held on the record date at a subscription price of HK$0.027 per share (each, a "**Rights Share**") to raise HK$8.1 million by issuing 300,000,000 Rights Shares to the qualifying shareholders.

On 23 October 2020, the Company completed the 2020 Rights Issue and issued 300,000,000 Rights Shares with par value HK$0.01 each at a subscription price of HK$0.027 per Rights Share, which represented a discount of approximately 22.86% to the theoretical closing price of HK$0.035 per share of the Company, based on the closing price of HK$0.035 per share of the Company immediately prior to the completion date of the 2020 Rights Issue on the basis of one (1) Rights Share for every two (2) existing shares held, and the net proceeds of the 2020 Rights Issue, after deducting the related expenses, were approximately HK$6.9 million, which were mainly used for (i) as to HK$4.2 million for repayment of outstanding principal and interest amount of loans; and (ii) the remaining balance of HK$2.7 million for repayment of debts owing by the Group to its suppliers. Upon the completion of the 2020 Rights Issue in October 2020, the number of shares in issue became 900,000,000 of par value HK$0.01 each thereafter. Details of the 2020 Rights Issue are set out in the Company's announcement dated 10 August 2020, 18 August 2020, 16 September 2020 and 22 October 2020 and prospectus dated 29 September 2020.

As at 31 March 2021, the actual use of the net proceeds of the 2020 Rights Issue was as follows:

	Planned use of net proceeds as stated in the prospectus dated 29 September 2020 (HK$ million)	Actual use of proceeds up to 31 March 2021 (HK$ million)	Unutilised net proceeds up to 31 March 2021 (HK$ million)
Repayment of outstanding principal, interest amount and relevant administrative expenses of loans	4.2	4.2	–
Repayment of debts owing by the Group to its suppliers	2.7	2.7	–
Total	6.9	6.9	–

As at 31 March 2021, all net proceeds raised from the 2020 Rights Issue had been fully utilised in the manner consistent with the proposed allocations as set out in the prospectus dated 29 September 2020.

Share Consolidation and Increase in Authorised Share Capital

On 25 January 2021, the Company announced a proposed that every 10 existing shares of HK$0.01 each in the share capital of the Company be consolidated into 1 consolidated share ("**Consolidated Share**") of HK$0.1 each in the share capital of the Company (the "**Share Consolidation**") and increase in authorised share capital from HK$10,000,000 divided into 100,000,000 Consolidated Shares to HK$100,000,000 divided into 1,000,000,000 Consolidated Shares by creating an additional 900,000,000 unissued Consolidated Shares (the "**Increase in Authorised Share Capital**"). Upon the Share Consolidation and the Increase in Authorised Share Capital becoming effective by shareholders' resolution passed at an extraordinary general meeting on 16 March 2021, the authorised share capital of the Company became HK$100,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK$0.1 each, and the number of shares in issue became 90,000,000 thereafter. Details of the Share Consolidation and Increase in Authorised Share Capital are set out in the Company's announcement dated 25 January 2021, 19 February 2021, 27 February 2021, 16 March 2021 and circular dated 27 February 2021.

Management Discussion and Analysis

2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue on the basis of 3 Rights Shares for every 2 Consolidated Shares in issue at a subscription price of HK$0.21 per Rights Share (the "**2021 Rights Issue**") to raise HK$28.35 million by issuing 135,000,000 Rights Shares to the qualifying shareholders. The maximum net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK$25 million, which was used for (i) approximately HK$8 million for the repayment of overdue accounts payable; and (ii) approximately HK$17 million for the repayment of bank loans.

Upon the 2021 Rights Issue was approved by shareholders' resolution passed at an extraordinary general meeting on 16 March 2021 and completion of the 2021 Rights Issue on 3 May 2021, the number of shares in issue of the Company was increased by 135,000,000.

As at the date of this report, there are a total of 225,000,000 issued shares of the Company of par value of HK$0.1 each.

Details of the 2021 Rights Issue are set out in the Company's announcement dated 25 January 2021, 19 February 2021, 16 March 2021, 20 April 2021, 30 April 2021, circular dated 27 February 2021 and prospectus dated 30 March 2021.

BORROWINGS AND GEARING RATIO

As at 31 March 2021, the Group had total debts (summation of bank and other borrowings and lease liabilities) of approximately HK$35.2 million (2020: bank and other borrowings and lease liabilities approximately HK$47.5 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2021, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 64.2% (2020: approximately 75.9%).

FOREIGN EXCHANGE EXPOSURE

The revenue generating from operations and borrowings raised of the Group was mainly transacted in Hong Kong Dollars which are the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant disclosure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 March 2021, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$12.4 million (2020: approximately HK$21.4 million).

CONTINGENT LIABILITIES

Subsequent to the reporting period, a court writ was served to Triangular Force Construction Engineering Limited ("**Triangular Force**"), an indirect wholly owned subsidiary of the Company, in relation to a claim by a third party for share dispute of approximately HK$6.5 million. In the opinion of the Directors, as Triangular Force did not enter into any form of agreement with the plaintiff, it does not have obligation to the claim so no provision has been made accordingly in the financial statements for the year ended 31 March 2021. According to the advice from the legal advisor of the Group, it is premature to determine the final outcome of the legal case, however the plaintiff has no legal merit based on the currently available information unless the plaintiff can substantiate and provide further details and supporting evidence on the case.

As at 31 March 2021 and 2020, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no material capital commitments (2020: Nil) contracted but not provided for property, plant and equipment.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 9 of the consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 March 2021, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. There is no other plan for material investments or capital assets as at 31 March 2021.

INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group had 102 full-time employees working in Hong Kong (2020: 98). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK$47.0 million for the year ended 31 March 2021 (2020: approximately HK$34.1 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

Details of the Company's share option schemes (the "**Share Option Scheme**") is set out in note 33 to the consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (2020: HK$Nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Tang Kwai Leung Stanley (湯桂良)

Mr. Tang Kwai Leung Stanley ("**Mr. Tang**"), aged 52, is the executive Director and chairman of the Board responsible for overseeing the corporate strategy, operational management of the Group, and a co-founder of the Group. Mr. Tang attended secondary school education in Hong Kong. Mr. Tang completed a construction safety supervisor course organised by the Construction Industry Training Authority in 1999. He also obtained a trade test certification card for piling operative (bored pile) issued by the Construction Industry Training Authority in 2002, a certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in November 2008 and a certificate for operation of crawler-mounted mobile crane in May 2014.

Mr. Tang has approximately 23 years of experience in construction and foundation work industry. Before establishing Triangular Force Construction Engineering Limited ("**Triangular Force**") in 2008, he accumulated approximately 10 years of experience working for China Overseas (Hong Kong) Limited as a foreman for intermittent periods from October 1994 to December 2007, his last position as a general foreman. He also worked for Hsin Chong (Foundations) Limited as a site foreman from August 2000 to May 2001.

Mr. Chui Koon Yau (徐官有)

Mr. Chui Koon Yau ("**Mr. Chui**"), aged 54, is the executive Director, responsible for overseeing the operational management and quality control of projects of the Group, and a co-founder of the Group. Mr. Chui attended secondary school education in Hong Kong. Mr. Chui is a registered construction worker under to the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong). He obtained a trade test certification card for plant and equipment operator (bored pile) issued by the Construction Industry Training Authority in 2003 and a certificate for operation of crawler-mounted mobile crane in May 2014. Mr. Chui has also obtained several certificates on construction safety including the certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in December 2008.

Mr. Chui has approximately 29 years of experience in construction and foundation work industry. Before establishing Triangular Force in 2008, Mr. Chui worked as a foreman and a crane operator from 1995 to 2000 for various construction or foundation companies. Mr. Chui then worked as a crane operator and a general foreman in Vibro Construction Company Limited from 2000 to 2005, and from 2005 to 2008, respectively.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Dingding (賀丁丁)

Mr. He Dingding ("**Mr. He**"), aged 44, was appointed as the independent non-executive Director on 14 May 2021. He is also the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**") and nomination committee of the Company (the "**Nomination Committee**").

Mr. He graduated from Nanyang Technological University, Singapore with a bachelor's degree in civil engineering. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 16 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Mr. He was an independent non-executive director and a member of the audit committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non-executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. Since August 2018, Mr. He has been an independent non-executive director and a member of the audit committee of Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663). Since May 2021, He has also been an independent non-executive director and a chairman of the audit committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727).

Ms. Chan Wan Ling Sammi (陳縕凌)

Ms. Chan Wan Ling Sammi ("**Ms. Chan**"), aged 35, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Ms. Chan is a practising solicitor admitted in Hong Kong in 2018 and a member of the Law Society of Hong Kong. Ms. Chan has also been a Certified Management Accountant of Australia since 2016 and a lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong.

Ms. Chan is currently the company secretary and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293). She is also currently the company secretary and authorised representative under Rule 5.24 of the GEM Listing Rules of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419).

Biographical Details of Directors and Senior Management

Ms. Liu Ching Man (廖靜雯)

Ms. Liu Ching Man ("**Ms. Liu**"), aged 31, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Ms. Liu graduated from the Upper Iowa University with a Bachelor of Psychology degree in 2016 and is currently pursuing a master of business administration degree at The Hong Kong Polytechnic University. She is well experienced in the investor relationship and public relationship industry. She has extensive experience in financial public relations. She participated and prepared many listing ceremonies, roadshows and fund-raisings. She is currently the business development manager of Hanvey Group Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8219), responsible for achieving the company's development strategy and optimising business management by developing the company's strategic goals and brand positioning.

SENIOR MANAGEMENT

Mr. Che Ping Hin (謝秉軒)

Mr. Che Ping Hin ("**Mr. Che**"), aged 38, joined the Group in March 2018. He is currently appointed as project manager and responsible for the day to day management and safety of the projects of the Company.

Mr. Che obtained a higher diploma in Structural engineering from HKIVE(TY) in September 2003. Mr. Che has approximately 18 years of experience in engineering and construction project management.

Prior to joining the Group, Mr. Che worked as a project manager for various projects under his employments with different companies.

Mr. Che first got into the industry in April 2004 through working for Baily Construction and Engineering Limited as an assistant engineer. He worked there until September 2006, he then worked for Bluet Hydroseeding Limited as a project manager from October 2006 to July 2011. Later on, he worked for Salotto (China) Limited from August 2011 to December 2013. He then worked for Hon Fung Engineering Limited as a project manager from December 2013 to February 2018.

COMPANY SECRETARY

Ms. Yim Sau Ping (嚴秀屏)

Ms. Yim Sau Ping ("**Ms. Yim**"), aged 38, prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (stock code: 1246), now known as Boill Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of seven companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 13 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

Corporate Governance Report

INTRODUCTION

The Group is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2021, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the year.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Corporate Governance Report

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their works and business decisions to the Board.

Board Composition

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau

Independent Non-executive Directors

Mr. He Dingding *(appointed on 14 May 2021)*
Ms. Chan Wan Ling Sammi *(appointed on 1 June 2021)*
Ms. Liu Ching Man *(appointed on 1 June 2021)*

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 12 to 14 of this annual report.

On 1 March 2021, Mr. Leung Wai Hung ("**Mr. Leung**") resigned as an independent non-executive Director, a member of each of the Remuneration Committee, Nomination Committee and the chairman of the Audit Committee.

Following with the resignation of Mr. Leung, the Company had only two independent non-executive Directors and two members in the Remuneration Committee, Nomination Committee and Audit Committee, respectively and hence the number of the independent non-executive Directors and the number of the Audit Committee had fallen below the minimum number required under Rule 5.05, 5.05A and 5.28 of the GEM Listing Rules.

Following the appointment of Mr. He as the independent non-executive Director, a member of each of the Remuneration Committee and Nomination Committee and the chairman of the Audit Committee on 14 May 2021, the Board has five members, being two executive Directors and three independent non-executive Directors, which fulfils the requirement of Rules 5.05, 5.05A and 5.28 of the GEM Listing Rules. Further, each of the Audit Committee, Remuneration Committee and Nomination Committee has no less than three members and comprises a majority of independent non-executive Directors, which fulfils the requirements of the terms of reference of the Committees and complies with Chapter 5 and the CG Code of the GEM Listing Rules.

The proportion of which is higher than what is required by Rule 5.05A, 5.05(1) and (2) of the GEM Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role on the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director has entered into a service contract with the Company on 22 September 2017. The service contracts with the executive Directors are for an initial term of three years. The service contracts with the executive Directors shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than three months' notice in writing and subject to rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company (the "**Articles of Association**").

Mr. He has entered into an appointment letter as the independent non-executive Director with the Company for a term of three years commencing from 14 May 2021 subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association.

Each of Ms. Chan and Ms. Liu has entered into an appointment letter as the independent non-executive Director with the Company for a term of three years commencing from 1 June 2021 subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association.

The service contracts and appointment letters are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with Articles of Association.

According to Article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 112 of the articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Mr. He, Ms. Chan and Ms. Liu will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 26 August 2021. Each of them will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to proposed re-election of Mr. He, Ms. Chan and Ms. Liu as independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tang is the chairman of the Board who is primarily responsible for managing the Board. Mr. Tang also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. During the year ended 31 March 2021, the Company did not name any officer with the title "Chief executive officer". The Directors are supported by the senior management in the day-to-day management of the Group's business.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and defective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 31 March 2021, the Company has provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website www.hkexnews.hk and the Company's website at www.beavergroup.com.hk. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 22 September 2017. The chairman of the Remuneration Committee is Ms. Liu (appointed on 1 June 2021), the independent non-executive Director, and other members included Mr. He (appointed on 14 May 2021) and Ms. Chan (appointed on 1 June 2021), the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2021. No Director or any of his/her associates were involved in deciding his/her own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 September 2017. The chairman of the Nomination Committee is Ms. Chan (appointed on 1 June 2021), the independent non-executive Director, and other members include Mr. He (appointed on 14 May 2021) and Ms. Liu (appointed on 1 June 2021), the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

AUDIT COMMITTEE

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. He (appointed on 14 May 2021), the independent non-executive Director, and other members included Ms. Chan (appointed on 1 June 2021) and Ms. Liu (appointed on 1 June 2021), the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members of non-executive Directors only and the majority of the members of the Audit Committee being independent non-executive Directors and chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year, the Audit Committee held four meetings to review and comment on the company's 2020 annual results, interim results and quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

INDEPENDENT BOARD COMMITTEE

The Board had established an independent board committee of the Company, comprising Mr. Cheung Chung Chuen George ("**Mr. Cheung**"), Mr. Law Ching Ning Paschal ("**Mr. Law**") and Mr. Leung (all independent non-executive Directors) to advise the independent shareholders of the Company in respect of the 2021 Rights Issue. Details of which are set out in the circular of the Company dated 27 February 2021.

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Subsequent to the reporting period, one extraordinary general meeting was held on 23 April 2021, one meeting of the Board was held on 29 April 2021 and one meeting of each Audit Committee, Nomination Committee, Remuneration Committee and the Board was held on 22 June 2021, respectively. The forthcoming annual general meeting will be held on 26 August 2021.

The information below are details of all Directors' attendance at the Board meeting and Board committees' meeting held for the year ended 31 March 2021:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2020 Annual General Meeting	2021 Extraordinary General Meeting
			Number of Meetings Attended/Held			
Executive Directors						
Mr. Tang	9/9				1/1	1/1
Mr. Chui	9/9				1/1	1/1
Independent non-executive Directors						
Mr. Cheung *(resigned on 1 June 2021)*	9/9	4/4	1/1	2/2	1/1	1/1
Mr. Law *(resigned on 1 June 2021)*	9/9	4/4	1/1	2/2	1/1	1/1
Mr. Leung *(resigned on 1 March 2021)*	8/9	4/4	1/1	1/2	1/1	–/–
Mr. He *(appointed on 14 May 2021)*	–/–	–/–	–/–	–/–	–/–	–/–
Ms. Chan *(appointed on 1 June 2021)*	–/–	–/–	–/–	–/–	–/–	–/–
Ms. Liu *(appointed on 1 June 2021)*	–/–	–/–	–/–	–/–	–/–	–/–

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company has engaged an external service provider, Ms. Yim as its Company Secretary. Ms. Yim possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. Mr. Tang, the chairman and executive Director of the Company is the primary contact person who Ms. Yim contacts.

For the year ended 31 March 2021, Ms. Yim undertook no less than 15 hours of relevant professional training to develop her skills and knowledge. The biographical details of Ms. Yim is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider Board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors of the Company. This also ensures that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximise shareholders' value.

Re-election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to:

(a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Nomination Process

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

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Monitoring and Reporting

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review this Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Disclosure of Nomination Policy

A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year will be disclosed in the annual corporate governance report.

In the circular to shareholders for proposing a candidate as an independent non-executive Director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

AUDITOR'S REMUNERATION

RSM Hong Kong is appointed as the external auditor of the Company, the fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$0.6 million and HK$0.5 million respectively for the year ended 31 March 2021.

SHAREHOLDERS' RIGHT

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

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Articles for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders' and the Group's asset at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Hong Kong Exchanges and Clearing Limited's website and the Company's website.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2021 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2021 as required under CG Code C.2.5. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website www.hkexnews.hk and the Company's website www.beavergroup.com.hk;

(ii) periodic announcements are made through the Stock Exchange and published on the respective website of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange view with the Directors and senior management; and

(v) the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post the Company's principal place of business in Hong Kong.

There was no significant change to the Company's memorandum and articles of association during the year ended 31 March 2021.

Environmental, Social and Governance Report

PREAMBLE

Beaver Group (Holding) Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is one of the prominent foundation contractors in Hong Kong, especially in the realm of bored piling construction. Globally, a trend has been seen among enterprises in the construction industry that adapt business strategies, mindsets and practices to ESG management, which is an increasingly popular tool adopted by companies to pursue sustainability. As a construction service provider in Hong Kong, the Group has long been working on the transformation towards a sound ESG governance framework and approach in daily operations, aiming to minimise the exposure to potential hazards stemmed from improper management. As sustainability has become an increasingly important topic for many stakeholders, the Group is committed to handling the Group's ESG affairs effectively and responsibly, which is gradually integrated as one of the core components of the Group's business strategy.

The Group has undoubtedly been a supporter of ESG concept and regarded the journey to integrate ESG into business as an opportunity to seek long-term success while fulfilling social responsibilities. Over the years, the Group keeps consulting and sharing knowledge and experience of ESG risk management with its stakeholders in order to gather their opinions and build resilience within business and a wider society. In 2020, the global COVID-19 pandemic (the "**pandemic**") has brought unprecedented disruptions to the society. During the outbreak, the Group leveraged its resilience towards crisis, responding in a safe and pragmatic way in accordance with Government guidelines. The Group believes that a sound ESG management is underpinned by the robustness of leadership and governance mechanism, thereby encouraging the Board and management of the Group to better understand its exposure to potential ESG risks and benchmark the best practices including circularity measures from its peers.

The current global economic downturn and carbon reduction pledges are challenging, but also provide a unique opportunity to the Group in embracing innovations for a stronger future. In the post-pandemic era, the Group will take the global "green recovery" as a stimulus for the uptake of sustainable practices, such as seeking substitutes for carbon-intensive concrete that is one of the biggest contributors to the industry's carbon footprint. The Group will keep leveraging its expertise collaboratively with other industry players to move towards sustainability as well as leading the industry to improve its resilience as a whole.

ABOUT THE REPORT

In strict compliance to the requirements set out in the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") contained in Appendix 20 of the GEM Listing Rules of the Stock Exchange, the Group is pleased to present its Environmental, Social and Governance Report (the "**ESG Report**") summarising its ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development for the year from 1 April 2020 to 31 March 2021 ("**FY2020/2021**").

Reporting boundary

Under the operational control approach, this ESG Report covers the environmental and social performance of the main operations of the Group's business activities in the realm of bored piling construction and its office operation in Hong Kong, which was in alignment with the Group's business development during the reporting year. This ESG Report covers the period from 1 April 2020 to 31 March 2021 ("**FY2020/2021**"), unless specifically stated otherwise, and it is published on an annual basis.

For the Group's corporate governance practices, please refer to pages 15 to 27 for the section "Corporate Governance Report" contained in this annual report.

Reporting principles

Given the reporting principles that underpin the preparation of ESG report, the content of this ESG report has been determined and summarised by the principles of Materiality, Quantitative, Balance and Consistency.

Materiality	Quantitative
The Group implemented the principle of Materiality by highlighting the viewpoints of its internal and external stakeholders through a materiality assessment, so as to pinpoint the significant ESG issues that may have a great impact on the Group's business activities.	The principle of quantitative was demonstrated by disclosing the environmental and social performance against clear key performance indicators (KPIs) in the report, including emissions, consumption of natural resources and employment information.
Balance	**Consistency**
Upholding the belief that transparency promotes better governance, the Group revealed both its achievements and room for improvement in the preparation of this ESG Report, in order to present an unbiased picture to all readers.	To facilitate year-on-year comparison and enable meaningful peer benchmarking, this ESG Report was prepared with reference to internationally and domestically recognised standards and frameworks, including the HKEx ESG Reporting Guide for the reporting framework, as well as the GHG Protocol and 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories for the calculation.

Information disclosure

The information in this ESG report was gathered from official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in accordance with relevant policies, the internal quantitative and qualitative data through online questionnaires, and the sustainability practices of different business divisions of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

Stakeholder feedback

As the Group strives for excellence, the Group welcomes its stakeholders' feedback, especially on topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views on the ESG matters with the Group via:

Postal address: Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, N.T., Hong Kong

Email address: tf@tfcel.com.hk

Environmental, Social and Governance Report

THE ESG GOVERNANCE STRUCTURE

As a member of the construction industry, the Group deeply acknowledges the importance of a stable foundation to a magnificent building. As such, the Group regards the robust governance as the foundation to its long-term business success. In the Group, its Board of Directors (the "**Board**") takes the lead on and assumes the ultimate responsibility for overseeing the ESG strategies, activities and reporting.

To ensure an effective flow of information throughout the Group, in particular between the executives and operation units, the building of a purposeful and robust corporate governance structure is essential. The Group has established an ESG Taskforce (the "**Taskforce**") that is comprised of the core members from different departments and chaired by one of the directors. The Taskforce is mainly responsible for assisting the implementation and evaluating the effectiveness of the Group's ESG internal control mechanisms, as well as reporting to the Board on a regular basis.

Sub-committees such as audit committee have been set under the Board's leadership, whose respective roles and responsibilities collectively are to drive the Group's sustainability performance within their remits. Specifically, the company secretary is responsible for updating the Board with the latest information, as well as ensuring material ESG- and climate-related matters are on the agenda of Board meetings with due considerations. External professional organisations are also engaged from time to time to advise the Board and the management of the Group on issues such as climate-related risks and opportunities.

Message from the Board

The pandemic in 2020 has engendered unprecedented challenges to our daily routines, prioritised health and hygiene concerns in operations and forced us to adapt our business and working practices in response to epidemic prevention and control measures.

As we continue to fight the pandemic together, we remain steadfast in our dedication to forging a greener and sustainable future. The members of our Board are increasingly aware of the Group's ESG performance and planning to develop an effective monitoring system evaluating the Group's sustainability progresses towards well-defined targets.

Throughout the year full of uncertainties, we experienced turbulence but we united to pursue a common goal to make our world a better place by optimising the way we do business and deliver the foundations for the infrastructures of tomorrow.

On behalf of the Board, I hereby present to you the ESG Report of FY2020/2021 demonstrating out strategy and focus on transitioning towards a environmentally sustainable and socially responsible future.

Mr. Tang Kwai Leung Stanley
Chairman & Executive Director

22 June 2021

STAKEHOLDER ENGAGEMENT

Throughout the years, the Group values its stakeholders and their views in relation to its business and ESG issues. The Group regularly engages and communicates with its stakeholders to ensure their needs and expectations can be heard, respected and met. The effective dialogue is also an essential tool for the Group to prioritise ESG issues and identify market trends that are material to the Group's operations. The Group engages a diverse group of stakeholders through various channels summarised below:

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	• Return on investments • Corporate governance • Business compliance • Protect the voting rights of shareholders and investors • Director appointment	• Annual reports, interim reports and quarterly reports • Announcements and circulars • Company's website • Hong Kong Share Registrar
Customers and business partners	• High quality products and services • Protect the rights of customers	• Customer satisfaction survey • Face-to-face meetings and on-site visits • Customer service hotline and email
Employees	• Employees' compensation and benefits • Career development • Healthy and safe working environment	• Training, seminars and briefing sessions • Regular performance reviews • Emails, notice boards, hotline, activities with the management
Suppliers and subcontractors	• Win-win collaboration • Sustainable supply chain	• Open tendering • Suppliers' satisfactory assessment • Face-to-face meetings and on-site visits • Industry seminars
Regulatory bodies and government authorities	• Compliance with laws and regulations • Support local economic development	• Supervision on the compliance with local laws and regulations • Routine reports and tax payments
Media, NGO (Non-Governmental Organisation) and the public	• Involvement in the communities • Business compliance • Environmental protection awareness • Transparency and reliability	• Media conferences and responses to enquiries • Public welfare activities • ESG Report • Corporate website

Materiality assessment

Since ESG risks and opportunities to the Group vary across different stakeholders with various backgrounds and concerns, the Group undertook an annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG Report. In FY2020/2021, selected key stakeholder representatives were invited to participate in the materiality assessment survey initiated by a third-party consulting agency for better accuracy and objectivity of the evaluation.

Step 1: Stakeholder identification

Key stakeholders were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. Once key stakeholder groups were identified, the Group chose the representatives or representative organisations for each stakeholder group.

Step 2: Desktop impact assessment

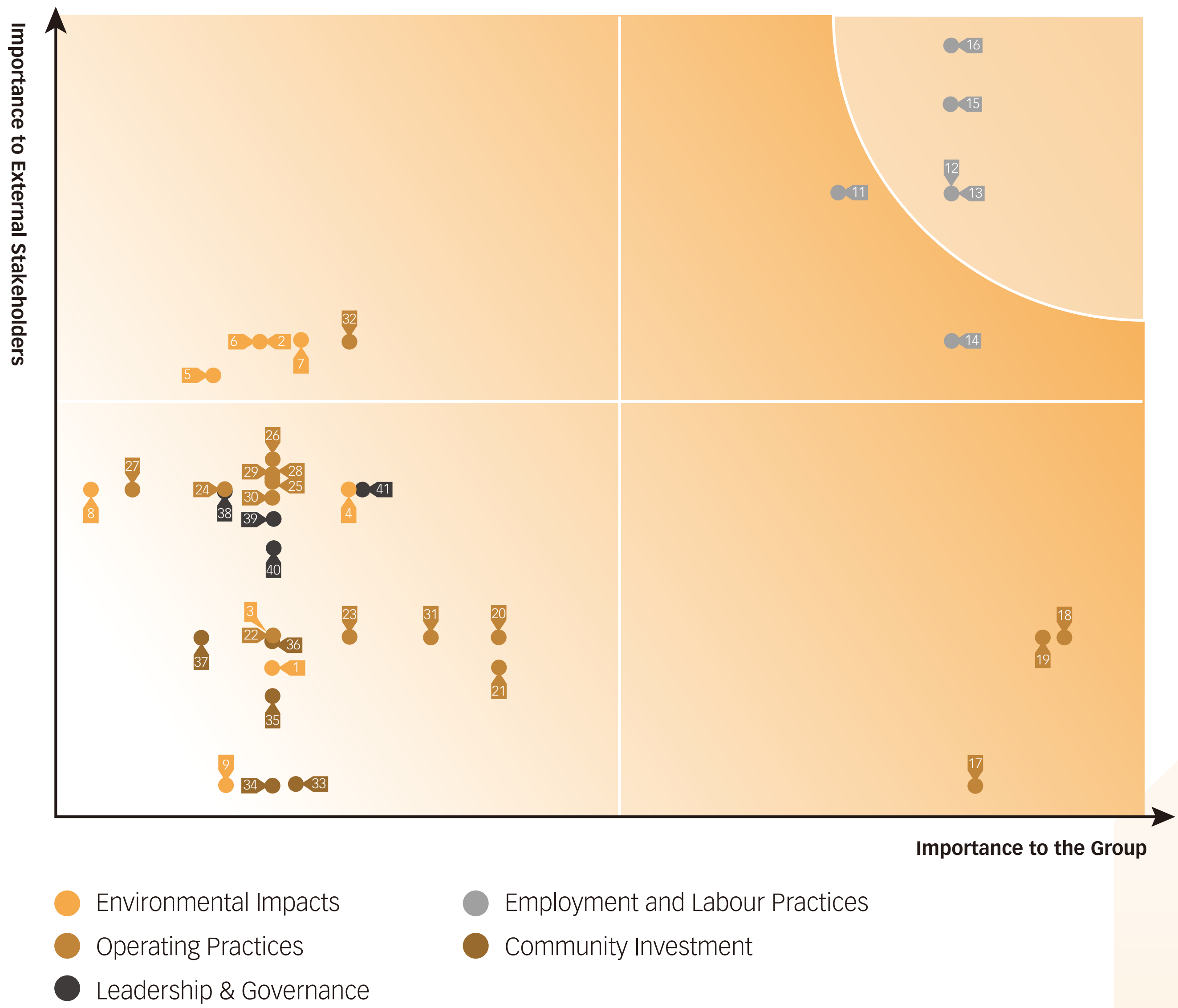
Through a desktop impact assessment, a list of priority issues relevant to the Group's operations were developed.

1 GHG Emissions
2 Air Pollution
3 Energy Management
4 Water & Wastewater Management
5 Solid Waste Stewardship
6 Materials Management
7 Land Use, Ecosystem and Biodiversity
8 Climate Change Mitigation & Adaptation
9 Packaging Material Management
10 Renewable and Clean Energy
11 Diversity & Equal Opportunity
12 Employee Remuneration and Benefits
13 Occupational Health and Safety
14 Employee Development and Training
15 Preventing Child and Forced Labour
16 Labour Practices
17 Green Procurement
18 Communication and Engagement with Suppliers
19 Environmental Risk (e.g. pollution) Management of Supply Chain
20 Social Risk (e.g. human rights or corruption) Management of Supply Chain
21 Supply Chain Materials Sourcing & Efficiency
22 Health and Safety Relating to Products/Services
23 Customers Welfare
24 Marketing and Promotion
25 Intellectual Property Rights
26 Product Quality
27 Customer Privacy and Data Security
28 Labelling Relating to Products/Services
29 Product Design & Lifecycle Management
30 Access & Affordability
31 Business Ethics & Anti-corruption
32 Internal Communication & Grievance Mechanism
33 Community Engagement
34 Participation in Philanthropy
35 Cultivation of Local Employment
36 Local Environmental Protection
37 Support of Local Economic Development
38 Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
39 Management of the Legal & Regulatory Environment (regulation-compliance management)
40 Critical Incident Risk Responsiveness
41 Systemic Risk Management (e.g. Financial Crisis)

Step 3: Prioritisation and materiality matrix

The stakeholders' ratings on the ESG issues were assessed. A set of material topics and a final materiality matrix were formulated as below.

Stakeholders Engagement Materiality Matrix



Step 4: Validation

According to the matrix above,

- Labour Practices
- Preventing Child and Forced Labour
- Employee Remuneration and Benefits
- Occupational Health and Safety

were identified as the material topics to the Group's business operations. The outcome of the materiality assessment was presented for discussion during the validation meeting of the Group's executive committee, wherein the senior management of the Group considered and validated the results, as well as the way forward in setting appropriate and effective management policies and internal control systems for ESG issues.

Progressing towards SDGs

Sustainable Development Goals (SDGs) are a set of 17 goals set by the United Nations to be achieved by all agreeing countries to bring about a sustainable world by 2030. Increasingly, emerging policy, regulatory and societal changes are reviewed in parallel with the UN SDGs. To this end, to attain a common language to be aligned with the global sustainable development trend, the Group has matched relevant SDGs to its initiatives and management measure.

Following the SDG Compass, the Group pinpointed the SDG that was most aligned with its strategy. SDG 3: Good Health and Well-being was selected as most relevant to the Group's business where it can drive significant positive changes.

SDG 3: Looking after our people

As a contractor in the Hong Kong construction industry, securing the health and safety of its employees is critical to the Group. In strict compliance with applicable laws and regulations, the Group has implemented effective measures including emergency drills and safety work meetings regularly to raise the awareness of site safety among workers. The Group respects and cares about the wellbeing of its staff and aims to achieve the safety goal of recording zero work-related fatalities.

Under the exceptional circumstances of the pandemic, the Group paid particular attention to the exposure of its employees to potential health and safety risks and strictly followed the government's measures in the prevention and control of epidemic, including the Compulsory Testing Direction. Considering the business nature, flexible working arrangement such as remote working was not applicable to the Group's operations. Yet, the Group has formulated and taken a series of measures onsite to protect its workers' health. More detailed information can be found in the section Response to the pandemic.

ENVIRONMENTAL SUSTAINABILITY

A.1. Emissions

The Group has been committed to operating with environmental sustainability in mind and minimising its environmental footprint in development projects and office operations. Putting sustainability at the heart of its corporate activities, the Group has taken effective measures in energy conservation to reduce emissions and improving the efficiency of resource consumption, which, in turn, strengthens the implementation of environmental principles within the organisation, as well as facilitating the Group's businesses to be operated in an eco-friendly manner.

The Group is prudent in controlling its emissions and consumption of resources and has complied with all relevant environmental laws and regulations in Hong Kong during its daily operations. In FY2020/2021, the Group abided by the relevant and material environmental laws and regulations in the operating regions, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

This section primarily discloses the Group's policies and practices on emissions, use of resources, the environment and natural resources in FY2020/2021. For more detail information about the quantitative data of different categories of emissions, please refer to the Table E1 in the Appendix.

Air Emissions

Given the business nature of the Group, the air emissions of the Group were mainly generated from the daily operations of onsite machinery and vehicles for business affairs and transportation in FY2020/2021. During the year under review, the Group strengthened its monitoring and measurement on the amount of air emissions generated from both onsite machinery and on-road vehicles, in order to further its compliance with the regulatory requirements in ESG reporting.

In pursuit of an eco-friendly business model, the Group has made an effort in its vehicle management and the upgrade of the construction equipment towards better performance in energy efficiency. In FY2020/2021, the Group proactively took a variety of effective measures to lower its air emissions as much as possible, including:

- Electrify its assets including its construction equipment and its fleet gradually; and
- Reduce unnecessary travel by making use of the advanced online technologies for remote communication.

The Group has also been committed to enhancing its employee's awareness of air emission control through education and the implementation of internal policies.

GHG Emissions

As a foundation contractor in bored pilling construction, the Group's daily operations mainly rely on the consumption of various types of fossil fuels and electricity. Despite a limited impact on the environment and natural resources, the Group is deeply aware of the role it plays in GHG mitigation and, therefore, has stepped up its efforts to formulate effective internal policies that regulate the operational practice as well as to encourage its employees to act collectively on energy conservation during operations.

In FY2020/2021, the GHG emission pattern was similar with that in FY2019/2020, with Scope 1 (Direct Emissions) dominating 99% of corporate GHG profile. Meanwhile, the Scope 2 (Energy Indirect Emissions) and Scope 3 (Other Indirect Emissions) arose from the purchase and consumption of electricity, and the electricity used for processing fresh water and sewage by government departments. The Group has proactively adopted electricity conservation and energy-saving measures to slash its GHG emissions. The specific policies and actions taken by the Group are further described in the subsections headed "Electricity" and "Other Energy Resources" below.

Solid Waste

Given the business nature, the Group did not generate any hazardous wastes in FY2020/2021. In strict compliance with the relevant laws and regulations in waste management, the Group has set up guidelines that supervise and manage the disposal of wastes. In case that any hazardous wastes were produced on site, the Group has engaged a qualified waste collector to handle the wastes.

The Group has set up waste management policies and initiatives to minimise the waste in line with the "3R principle" – Reduce, Reuse and Recycle, and to facilitate the efficient utilisation of natural resources. With the aim of minimising the environmental impact of the generation of non-hazardous wastes from its construction process, the Group has implemented measures to treat the onsite solid wastes and launched many reduction initiatives both in its bored pile construction site and office, placing an emphasis on avoiding and minimising waste generation and maximising waste reuse and recovery.

Bored Pile Construction Business

In FY2020/2021, the major solid waste of the Group came from the bored pile construction operations that generated excess mud on site. In accordance with the relevant laws and standards, the Group scientifically treated and disposed of the excess mud and other construction wastes in the reporting year. The qualified waste collector normally transports the mud and other construction wastes (e.g. gravels) to specific landfills for disposal or other construction sites for reuse. Certain land excavation waste is directly transported to the place where backfilling is needed. The recyclable wastes are sorted and collected before being transported to the recycling station for treatment and reuse.

Office

The solid waste generated from the Group's offices was mainly domestic and commercial waste in FY2020/2021. To efficiently manage the waste, the Group has adopted a centralised rubbish bin for the collection of solid waste in the office. The waste is collected and handled by the property management of the building regularly and disposed of by relevant municipal departments. The Group is committed to environmental protection in its office and to reduce the generation of solid waste, the Group has implemented the following practices:

- Recycle as much solid waste as possible through the "collected and classified" approach;
- Raise employees' awareness of resource conservation and waste reduction through education;
- Minimise the use of disposable items such as plastic tableware or paper cups for clients; and
- Advocate the reuse of office stationeries and file folders.

The Group will continue to focus its efforts on its management of onsite solid waste and establish a benchmarking system that tracks our environmental performance at construction sites while allowing us to better compare our performance in mud treatment. In the future, to expand its disclosure scope in all kinds of solid waste generated by the Group, the development of digital tools and systems to enable consistent collection, recording and analysis of waste data across the Group's operations will be put on the agenda, while dedicated waste reduction and recycling campaigns will be executed as planned. The Group is also exploring the possibility of making use of waste management contracts and procurement strategies to strengthen waste reduction and sustainable waste management from its suppliers and subcontractors along its value chain.

Wastewater

Bored Pile Construction Business

In FY2020/2021, the bored piling construction business generated bored piling and drilling sewage. The Group has deployed wastewater treatment facilities on site to treat the sewage and ensures that it meets the requirements of the Water Pollution Control Ordinance (WPCO) license prior to the discharging process. Also, the experimental tests on the quality of wastewater such as pH levels are conducted to ensure that the discharging wastewater meets the regulatory requirements. Specifically, to lower the wastewater impact on the environment, especially the quality of the ocean and its biodiversity, a sedimentation tank for wastewater treatment has been set up to treat the muddy water from the operational process, during which the chemicals such as coagulants are added to enhance the sedimentation efficiency. The Group has been licensed for the discharge of wastewater from construction sites to the natural water bodies and all discharges have been strictly monitored and controlled in order to comply with the terms and conditions of a valid Water Pollution Control Ordinance (WPCO) licence.

Office

The domestic wastewater generated from the Group's offices was directly discharged into the building sewerage network, handled by the property management of the building and flushed through the municipal drainage systems. Since the amount of wastewater generated highly depends on the amount of water used, the Group has adopted specific measures, further described in the next subsection under "Water", to reduce its water consumption.

Noise

Noise emissions generated by the Group mainly came from the operations of the machinery and equipment during the bored pile construction process in FY2020/2021. The Group was in strict compliance with the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) and only used certain equipment within the permitted time period. The Group has installed myriads of noise-reducing facilities to mitigate the effect of noise on the surroundings. For instance, the construction noise barrier has been widely adopted in the construction site to reduce the noise effectively. To further control the noise at source, the Group has made full use of the shock pads on crushing and the real-time sound monitoring equipment and prioritised the equipment with QPME Label in the procurement.

Dust

While dust is inevitable during construction work especially piling, the Group carefully controls the dust at its construction sites so as maintain good air quality while protecting the health of its workers. In strict compliance with the Air Pollution Control (Construction Dust) Regulation (Cap. 311R of the Laws of Hong Kong), the Group has taken a series of measures to conduct dust suppression regularly:

- Set up a car wash box at the entrance of the construction site to prevent vehicles from taking dust and mud away;
- Install pressure spray dust removal device along the main road of the construction site;
- During the construction period, set up an enclosure and dust screen with a height of not less than 1.8 meters around the construction site;
- Enclose hoist by impervious sheeting;
- Use sealed equipment to transport mud and dust;
- Rinse the ground or sprinkle water every day to clean dust and avoid mud accumulation;
- Equip vacuum cleaner on equipment to control dust; and
- Provide hard paving on open area.

Progress

In FY2020/2021, due to the unremitting efforts of the Group in promoting the cautious use of private cars for commuting, the amount of diesel for transportation has slightly declined, resulting in a 2.34% drop in the air pollutants. Meanwhile, the increase in construction projects was the major reason of the rising consumption of diesel for construction operations, causing Scope 1 Emissions to grow by approximately 24.88%. Moreover, the Group has further improved its data collection method and expanded its disclosure scope to include Scope 3 (Other Indirect Emissions) as well, leading to an overall surge of total GHG emissions by 24.63% as compared to FY2019/2020.

Meanwhile, since the Group's non-hazardous solid waste mainly consisted of mud generated during piling projects, a 16.63% increase of solid waste of the Group was witnessed in the reporting year. The amount of wastewater also went up by around 10.5%. The Group will keep on optimising and monitoring its waste treatment procedures to minimise its environmental impacts, while stepping up its efforts to improve its resource efficiency so as to reduce its emissions at source.

A.2. Use of resources

During the operations, the Group mainly consumed electricity, diesel, water, paper and construction raw materials in FY2020/2021. The Group did not consume packaging materials during the year under review. More detailed information about the Group's use of resources during the year under review can be found in Table E2 in the Appendix.

Electricity

Bored Pile Construction Business

The electricity was mainly consumed for the operation of electrical equipment and machinery at construction sites during the bored piling works. All construction sites of the Group have stringently complied with relevant regulations and the Group's policy of electricity conservation. To ensure the effective use of electricity, the Group has conducted the following practices:

- Turn off all lights, electronics and other power consumption equipment at the end of the day;
- Switch off all idling lights, air conditioners and other electrical appliances, especially during lunchtime;
- Opt for electrical appliances and models with Grade 1 energy efficiency label;
- Clean equipment regularly to ensure their efficiency;
- Replace energy-intensive equipment with energy-efficient ones;
- Install timers connecting all the electrical equipment in the public area; and
- Maintain and repair the facilities and machinery at construction sites regularly.

Office

To mitigate the consumption of electricity which is inherently linked to the generation of GHG emissions, the Group has embedded the mindset of "Saving Electricity" into its business strategy and particularly implemented the following practices:

- Adjust lighting schedules and shortening operating times;
- Install timers for air conditioning units and lighting facilities;
- Replace existing lighting with LED lights;
- Enhance the monitoring and control of cooling system to maintain optimal indoor temperatures of 24–26^{o}C;
- Regulate all staff to turn off their laptops and computers after work;
- Encourage all employees to open curtains and utilise the natural sunlight for lighting in the office when possible; and
- Apply thermal insulated and light reflective film on windows to reduce heat.

Other Energy Resources

Bored Pile Construction Business

The bored pile construction business relies mainly on diesel for onsite operations and transportation. Committed to reducing its reliance on fossil fuels, the Group has planned to replace the equipment with electric powered ones gradually in the future. At present, the Group is dedicated to encouraging its employees to take public transport instead of driving to work and making use of the electronic device for e-meetings to avoid unnecessary travelling. The Group has also paid great attention to the energy efficiency performance of onsite machinery during procurement and particularly given priority to the equipment with the Green Label issued by the Environmental Protection Department of Hong Kong according to the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation.

The relevant measures taken by the Group to manage its energy consumption are as follows:

- Compare the performance of energy consumption and air and GHG emissions of piling machines and other machinery for the foundation works during the procurement;
- Stick to the requirements set out in relevant environmental regulations and standards released by the Environmental Protection Department of the Government of Hong Kong Special Administration Region, such as controls and requirements of the Non-Road Mobile Machinery (NRMM) Regulation;
- Encourage its employees to consider "low-carbon lifestyle" and choose public transport over driving private cars; and
- Strengthen the education of environmental protection among employees who are expected to build up knowledge of energy conservation in both daily lives and work.

Water

Bored Pile Construction Business

Water has been one of the most important natural resources for the Group's bored piling works. The Group endeavours to minimise water use as much as possible. In FY2020/2021, the Group did not face any problem in sourcing water. The Group has strongly incentivised its construction sites to reuse wastewater on site and implemented various measures to improve water efficiency:

- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage tanks;
- Set quotas and targets for water consumption restrictions for staff to save water;
- Select water-efficient equipment with Water Efficiency Labels; and
- Install rainwater harvest systems and increase water reuse rate at construction sites.

Office

The employees in the office are committed to lowering water consumption. In addition to educational seminars and activities that encourage its staff to reduce, reuse and recycle water resources, the Group has particularly focused on the management of details around water conservation. For instance, employees in the office have been encouraged to control the amount of flushing water appropriately and to fully implement the principle of "Saving Water" in their daily lives. The Group has built channels that are available for all staff to report any leaking taps and pipes efficiently.

Paper

Paper is mainly used for administrative purpose in the Group's office in FY2020/2021. The Group has put great effort in implementing the following policies:

- Promote the concept of "paperless office" and publish information through electronic means as much as possible;
- Set duplex printing as the default mode for all network printers when printing is necessary;
- Choose suppliers with more environmentally friendly paper sources such as the certification of Forest Stewardship Council (FSC);
- Place boxes and trays besides the printing machines to collect single-sided paper for reuse and recycling; and
- Encourage guests to use electronic invoices instead of paper ones.

Construction raw materials

Concrete is one of the construction materials that the Group consumed during its bored piling business. To lessen its environmental footprint, the Group actively manages its materials use and improves the operational efficiency of the construction process. The Group is committed to making research and development to introduce new construction materials that are more environmentally friendly as well as enhance the quality of the Group's end products.

Progress

In FY2020/2021, the Group focussed its efforts on improving energy efficiency and resources conservation. Given increase in construction projects in the reporting year, the consumption of electricity, diesel and concrete increased by 15.5%, 25.5% and 10.8% respectively. Meanwhile, the consumption of diesel for transportation dropped by 2.3%, mainly due to the decline of travel frequencies during the pandemic. The Group will continue its efforts in resources conservation and improve the operational efficiency of its construction process.

A.3. The environment and natural resources

As a bored piling company, the core business of the Group has limited impacts on the environment and natural resources due to its relentless efforts to create a resource-saving and environmentally friendly corporation. Nevertheless, based on the analysis above, the most significant impacts of the Group's operations have been considered as the emissions of air pollutants and GHGs, the generation of solid waste, wastewater and noise, and the use of energy. To further eliminate its possible impacts on the environment, the Group has applied innovative and effective environmental measures in daily operations.

Aspiring for a net-zero environmental footprint, the Group's environmental commitment starts from the formulation of internal policies. The effective implementation of internal policies enables the Group to timely and adequately address the potential impacts. The Group's long-term strategy focuses on the life cycle management of waste across its operations, including reducing, reusing and recycling its waste volumes and quantities in the construction sites, in an effort to strive for the achievement of "zero waste to landfill" target. In full support of the Government's Climate Action Plan 2030+, the Group has currently been planning and evaluating its environmental targets, which will be specific and time-bound. Specific roadmaps and plans will be endorsed and approved by the Board in the near future to ensure effectiveness and efficiency, while reviews are proposed to be done annually.

With a proven record in environmental stewardship and delivery of environmental benefits across its operations, the Group is dedicated to optimising its internal policies and planning further actions in minimising its environmental impacts. Looking ahead, the Group will set up more metrics in monitoring its environmental performance and effectiveness of measures, and work collaboratively to make positive changes towards sustainability.

Climate Change

With Hong Kong government renewing the Climate Action Plan with a more ambitious carbon neutrality goal, the Group is committed to going a step further in mitigating the climate change and enhancing its resilience to adapt to the increasing threat of climate-related consequences.

Although the climate change may not bring direct impacts to the Group's business, the Group, as a supporter of the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD), has assessed the potential climate-related risks that it may face under different climate scenarios. In FY2020/2021, the Group identified the rising mean temperature and increasing severity and likelihood of extreme weather events as major physical risks impacting our site operations in the future. Meanwhile, the higher GHG pricing and interruptions to the supply chain may lead to unstable supply of raw materials, thereby affecting the Group's project completion.

The Group's ESG Taskforce is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed, and updating the Board with the latest news and developments on climate regulations and industry benchmark. In the future, the Group gradually integrate climate-related risks and opportunities into its environmental management system, and set up internal climate policies guiding its actions to manage any potential climate risks.

SOCIAL SUSTAINABILITY

Employment and Labour Practices

The Group values the contributions from each and every individual staff member. Appreciating the intangible value created by the Group's human resources, the Group has established an effective management system in overseeing and promoting the staff's prosperity, health and safety and professional development.

B.1. Employment

The Human Resources Department (the "**Human Resources Department**") of the Group and its subsidiaries are responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations. In FY2020/2021, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

Law Compliance

The Group strives to provide its employees with a safe and suitable platform for developing their career, professionalism and advancement. The Staff Handbook of the Group strictly adheres to the applicable employment laws and regulations, including but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong); and
- Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong).

Recruitment and Promotion

The Group implements a set of transparent and clear procedures to conduct its annual recruitment plan, aiming to live up to "Openness, Fairness, Transparency, Standardisation" in every detail. To attract and retain the required talents for the Group's development, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspirations. The Group also refers to market benchmarks in determining its remuneration and benefits policies. As talent retention is vital to sustainable business development, the Group constantly reviews its compensation packages and performs probationary and regular evaluations on the employee's capability and performance in the past.

Compensation and Dismissal

Any appointment, promotion or termination of recruitment contract should be based on reasonable, lawful grounds and the Group's internal policies, such as the Staff Handbook. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those whose working performance is not up to par or who constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Hong Kong.

Working Hours and Rest Periods

The Group has formulated its policy based on local employment laws for determining proper working hours and rest time for its employees. Specifically, the Group has installed the attendance management system that keeps monitoring its employee's working hours and compensates those who work overtime with extra pay or additional days off. In addition to basic paid annual leave and statutory holidays, employees are also entitled to additional leave benefits such as marriage leave, maternity leave and compassionate leave.

Equal Opportunity and Anti-discrimination

The Group is an equal opportunity employer and fully complies with the Equal Opportunities Commission's Code of Practice and relevant law and regulations. Training and promotion opportunities, dismissals and retirement policies are all based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements.

Extending its commitment to workplace diversity beyond regulatory compliance, the Group aims to employ a diverse workforce that makes collective decisions in an inclusive manner. Aiming to promote a harmonious and respectful workplace, the Group has set up a series of zero-tolerance internal policies regarding workplace violence, sexual harassment and discrimination, which are all set out clearly in the Staff Handbook. All employees can report any concerns regarding discrimination of other grievances confidentially to the Human Resources Department.

Other benefits and welfare

The Group provides employment injury insurance and offers travelling benefits for its employees and their families. Other benefits provided by the Group include fitness subsidy for employees to work out in the gym, and examination subsidy and vacation for external training. During traditional Chinese festivals, employees may also receive bonuses and gifts. The Group firmly believes that the sense of belonging is what allows employees to feel like they can be their authentic selves, and fostering this sense of belonging for employees will bring the Group long-term competitiveness and success. The Recreation Committee established by the Group organises various events for employees on a regular basis. In FY2020/2021, due to the social distancing rules amid the pandemic, the Group did not hold any annual entertaining group activities such as annual dinner and Christmas party.

As a construction contractor, the Group puts its employees in the first place and is always dedicated to adopting an employee-oriented good human resource management practice, which, in turn, has brought the Group numerous awards, praises and good recognition in the construction industry.

B.2. Health and Safety

The Group believes that health and safety at work involves both the prevention of harm and the promotion of employees' well-being. Bearing the "Safety First" principle in mind, the Group regards the health and safety of its staff and site workers as the top priority. To this end, the Group has formulated a series of occupational health and safety policies that provide guidance on the prevention of work-related hazards and associated risks in offices and construction sites.

Law compliance

To provide and maintain a safe, clean and environmentally-friendly working condition for employees, the Group has established strict safety and health policies, such as the general safety rules, which are in line with relevant laws and regulations, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Cap 282 of the Laws of Hong Kong).

In FY2020/2021, the Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Safety Measures

Guided by the Group's corporate Occupational Safety and Health Policy, which came into effect in 2016, the Group has formulated a framework of a full set of monitoring and management policies regarding health and safety according to the Occupational Health and Safety Management (OHSAS 18001:2007). Specifically, project supervisors, engineers, managers and safety officers are responsible for conducting relevant risk assessment before construction and need to implement measures strictly during the construction process. Furthermore, the safety review officer conducts Safety and Health Review for the Group twice a year, checking the effectiveness and reliability of the Safety Management System ("**SMS**") during implementation, while instructions, training and supervision are also provided in a timely manner to staff members and site workers to ensure their well-being at work.

Relevant warning labels and public memorandum regarding onsite health and safety are posted at construction sites, while smoking, drugging and drinking liquor are also prohibited in workplace. Meanwhile, sufficient and well-ventilated resting areas with cool drinking water are prepared at construction sites to protect its workers from heat stroke. Suitable personal protective equipment ("**PPE**"), such as helmets, safety ropes, gloves, ear plugs and masks etc. are also provided to its workers on site. To further safeguard workers, weekly safety inspections and regular safety work meetings are organised by the Group, while liability insurance and employees' compensation insurance are arranged as well to protect its workers' welfare.

In case that any workers unfortunately suffers from deafness or pneumoconiosis caused by the Group's construction work, the Group will compensate the relevant worker in accordance with the Occupational Deafness (Compensation) Ordinance (Cap. 469 of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360 of the Laws of Hong Kong) respectively.

Emergencies Reporting Mechanism

The Group puts great efforts in health and safety affairs at construction sites by implementing relevant corporate policies. Specifically, the Group has a sound reporting mechanism to deal with emergencies and equipment malfunction. Safety officers are required to perform an inspection tour every three months in order to ensure that the operations in the construction site are fully in compliance with relevant standards, policies and laws.

To raise the awareness of workers on the emergency management, the Group conducts emergency response drills regularly and provide safety training courses including Emergency Management and Safe Operation, Site Safety and Fire Safety from time to time.

Occupational Safety and Health Training

To ensure that all workers and contractors attend compulsory safety training courses, the Group assigns project managers to check the attendance. Since the Labour Department strictly regulates that only persons who have been trained in basic safety courses and hold valid certificates (commonly known as "**Green Card**") are allowed to be employed for the Group's construction operations, project managers are responsible to ensure that all workers and skilled operators hold legal licenses, which the Group believes is a fundamental step to minimise risks and prevent accidents in the workplace.

Safety Targets

Through the provision of a safe working environment, the Group has been contributing to the SDG 3: Good Health and Well-being. Throughout the years, the Group achieved outstanding performance in terms of a low work-related fatality rate and accident frequency rate at its construction sites. In the past three years including the reporting year, there were zero work-related fatalities, while 3 workers were injured causing 36 lost days of work in FY2020/2021. During the year under review, the Group recorded an accident frequency rate of 28 per 1000 workers.

Response to the pandemic

In response to the pandemic, the Group has taken a proactive stance to support its employees and the community from the very early stages of the crisis.

Care for employees: To ensure that all employees stay safe and healthy and to suppress the widespread of the virus, the Group allowed office staff members to work from home when possible, provided them with anti-epidemic supplies such as face masks, and strengthened the disinfection and other anti-epidemic measures at workplace when onsite work was necessary. Specific precautionary measures have also been implemented at the Group's construction sites to ensure a cleaner, safer and more hygiene working environment for all.

- Distribute eye protection goggles and install individual partitions at lunch areas to reduce risks of aerosol transmission;
- Set up infra-red temperature sensors and alcoholic hand sanitiser at site entrances;
- Install more fans to maximise the ventilation at workplace;
- Increase the number of hand wash and cleaning facilities on sites;

- Sterilise the construction sites regularly;
- Follow the government's Compulsory Testing Direction and conducted COVID-19 test regularly; and
- Set up comprehensive emergency protocols for implementation.

B.3. Development and training

Training and Development Management

The Group has formulated a set of internal regulations and policies such as staff training guidelines, induction training materials and toolbox training record, for strengthening the working skills and knowledge of its employees, who are expected to achieve better working performance after receiving work-related training. The Group also offers a complete induction training package to all new employees, such as Group's corporate culture, business processes, health and safety, first aid treatment and other topics. Notably, the syllabus provided to new hires is comprehensive, which covers general duties of employees, personal safety, personal protective equipment, incident and accident report, the handling procedure of electricity and portable electric tools and hand tools. As for the experienced employees, non-scheduled profession-oriented courses are offered according to corporate and individual needs. Through the provision of different types of training programmes, the Group tries to ensure that all its employees possess the necessary professional knowledge to complete their daily tasks and can meet the continuous training hour requirement for annual professional qualifications as well.

To further enhance the professional skills of its employees and meet the needs of the Group's development goal, signing up for professional qualification examinations and external training is highly encouraged and promoted. Employees who take the professional qualification examinations and obtain vocational qualification certificates could receive reimbursement from the Group. Meanwhile, the Group also invites external organisations and experts to provide relevant training courses to its employees. The training content covers a variety of topics, including accounting, regulatory affairs, finance, and construction engineering. In FY2020/2021, two male directors of the Group participated in a one-hour training course, with an average of 0.5 hours per trainee.

B.4. Labour standards

As the construction sector is highly labour intensive and with a high risk of modern slavery, the Group endeavours to eliminate forced labour, child labour and other potential exploitation of workers during its operations.

Prevention of Child Labour and Forced Labour

Child and forced labours are strictly prohibited during the recruitment process according to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). To combat illegal employment on child labour, underage workers and forced labour, the Group's Human Resources Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to the confirmation of any employment. The Human Resources Department is responsible for monitoring and ensuring the compliance of corporate policies and practice with the latest laws that prohibit child labour and forced labour, and eliminating the risk of illegal recruitment. Once any violation of the labour standards is found, the Group will take immediate actions by terminating the employment contract and the relevant staff responsible for the recruitment will be disciplined.

In FY2020/2021, the Group was in compliance with the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply chain management

As an enterprise that bases its fundamental development principle on sustainability while fulfilling its social responsibilities, it is critical for the Group to maintain and manage a reliable supply chain that takes environmental and societal impacts into consideration.

Supply Chain Management Structure

To ensure that the suppliers and sub-contractors meet customers' and the Group's requirements regarding product and service quality, as well as the relevant environmental and safety standards, the Group has formulated and implemented internal policies and stringent procedures in selecting suppliers and subcontractors. Suppliers' and contractors' environmental and social performances are considered as important criteria for supplier selection and the foundation of building long-term partnerships. The project director generates, approves and maintains a list of suppliers and subcontractors. Assessments on the suppliers and subcontractors are carried out by the project directors and managing director on a regular basis. The materials purchased from suppliers and the works performed by subcontractors are verified and monitored regularly by the relevant departments of the Group. Suppliers and sub-contractors will be suspended or removed from the approved list should they be found not to comply with Group's standards or applicable regulations. The partnership will also be terminated once any serious violation of environmental and labour laws and regulations is discovered by the Group. The Group performs a comprehensive evaluation of the suppliers' performance and quality on a regular basis.

To maintain smooth communication with its suppliers and subcontractors, the Group frequently communicates with its suppliers through telephone calls and emails to collect their opinions and share knowledge. In FY2020/2021, there were a total of 111 contractors and suppliers located in Hong Kong that were in stable partnerships with the Group. In the coming few years, as part of its green procurement principles, the Group is dedicated to prioritising more local suppliers and subcontractors, in an effort to contribute to the local economy while lessening its environmental impacts during transportation.

B.6. Product responsibility

With regard to the Group's product health and safety, advertising, labelling and privacy matters, the Group was in strict compliance with relevant rules and regulations stipulated by the government of Hong Kong in FY2020/2021, including but not limited to:

- Buildings Ordinance (Cap 123 of the laws of Hong Kong);
- Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong); and
- Construction Workers Registration Ordinance (Cap 583 of the laws of Hong Kong).

In FY2020/2021, the Group was not in violation of material relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

Quality Management System

The Group rigorously sticks to the instructions of the Quality Management Systems Standard (ISO 9001:2008) and Occupational Health and Safety Management (OHSAS 18001:2007) and follows the Site Safety Handbook published by Hong Kong Housing Authority during its construction operations, striving for zero accidents of all persons involved in the foundation works. Emphasising the health and safety of its projects, the Group requires all its staff to have a qualified site worker certificate and pass a series of tests before the completion and delivery of projects.

The Group has established an internal quality management system. Specifically, once any complaints filed by its clients are received, the Quality Control department will confirm, analyse and prioritise the issues in terms of their materiality and severity. The complaints received by the Group are mainly deferred payment and slight damage to the leased machinery. The Group will negotiate with relevant companies immediately, handle the complaints according to the contract efficiently and solve the problem in a way that satisfies each party. Through such a strict series of procedures, the Group has been committed to strengthening its ability of dealing with various types of complaints in the future and striving to prevent similar problems from occurring again, thereby remaining constantly competitive in the market.

Customer Privacy Protection

The Group lays great emphasis on the privacy protection of its customers and ensures that all customers' rights are protected in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of The Laws of Hong Kong), Corporate Finance Consultant Code of Conduct and other local regulations in terms of consumer data policy.

To maintain the confidentiality of information, it is stated in the Compliance Manual that all directors and staff should not disclose any confidential information without prior authorisation. Moreover, all directors and staff should not use the information for purpose other than the ordinary conduct of the Group's business including the unauthorised sale of personal information. Those who have access to or are in control of sensitive data or clients' personal information should at all times protect the information from unauthorised disclosure or misuse. Special attention should be paid in the use of personal data, while the Information Technology Department has set up obstructions between office and commercial network to prevent unauthorised data use, exportation and copy. Through the internal training and confidential agreements signed with its employees, the Group stresses the conformance with confidentiality obligations and the legal consequences of the breaches of obligations among its employees.

During the year under review, no substantial complaint regarding data leakage or personal privacy breaches was received by the Group.

Intellectual Property Rights

In terms of the protection of the Group's intellectual property rights, the Group has implemented the following policies in particular:

- The documentation rooms with commercial secrets are set as confidential areas where non-related personnel cannot enter and isolated from the ordinary area of operation;

- In the employment contract, it has been agreed upon that when the staff with significant influence on the company's technical and economic rights and interests leaves the Group, he or she shall not operate or uphold any business that competes against the Group for a certain period; and

- When entering into a commercial contract for any external business activities, the Group needs to request a confidential agreement with other parties if necessary.

As a construction contractor, the Group puts its product and service responsibility in the first place and is invariably dedicated to providing high-quality and reliable services to its customers.

Advertising and Labelling

The Group has attached great importance to its marketing practices and strongly prohibits the publication of misleading advertising content with false descriptions, claims or illustrations about the Group and its products and services. In accordance with the relevant legislation and code of practices, the Group has formulated the sales and promotion guidelines to ensure that its advertisements and marketing materials are unbiased, accurate and insist on disclosing accurate information to the customers, as well as in compliance with local laws and regulations. The Group will take corrective actions immediately if the marketing practices fail to meet its internal requirements. The Legal Department of the Group is responsible for monitoring and reviewing the advertising and marketing materials before publication. Given the business nature, labelling is not applicable to the Group's business operations and therefore not discussed in the ESG report.

B.7. Anti-corruption

The Group observes a strict code of conduct in all spheres and has no tolerance for any form of corruption or other misconduct. Employees at all levels are expected to uphold the values, behave in an ethical manner and deliver service with dignity. In FY2020/2021, the Group was in compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615 of the laws of Hong Kong).

Anti-corruption

The Group prohibits all forms of bribery and corruption and requires all its employees to strictly abide by professional ethics and eliminate any corruption and bribery. Strict Code of Conduct of Bribery (the "**Code**") is incorporated in the Group's Compliance Manual, which every director and staff member of the Group is required to understand and follow. In the past years, the Group has been collaborating with Independent Commission Against Corruption ("**ICAC**") to formulate anti-corruption plans for corporations. Also, the Group requires the management to attend seminars and training programmes provided by ICAC and resolve to root out all corruption in the Group.

Whistle-blowing Policy

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. All reports of possible breaches of the Code should be made to Compliance Officer, while any suspected cases of corruption or violation of the Ordinance should be escalated to the Board for consideration and where the Board deems appropriate, a report should be made to the ICAC and the relevant authority.

During the year under review, there was zero concluding legal cases filed against the Group or its staff members regarding bribery, extortion, fraud and money laundering.

COMMUNITY

B.8. Community investment

As a corporate citizen, the Group realises the importance of making positive contributions to the society where it operates and relentlessly supports the society's prosperity and well-being through charitable activities. The Group is committed to building a sound relationship with community members through social participation and contribution as part of its strategic development and developing a corporate culture internally that aligns the its business development with the wellbeing of local communities. The Group has been working with non-governmental organisations (NGO) partners such as "Food Angel by Bo Charity Foundation" in participating in the programmes that focus on areas of poverty relief and youth development.

Aiming to promote the stability of the society and help the underprivileged, the Group is in the process of reviewing and developing quantitative targets and indicators with regard to its social contribution as well as inspiring its internal employees to be involved in public welfare activities.

In FY2020/2021, although most of the community investment programmes were cancelled due to the pandemic, the Group maintained its commitments to and supported its partnering organisations. Looking forward, the Group will remain determined in bringing more benefits to the society as a responsible enterprise, and endeavour to get involved in more meaningful philanthropic events and charitable activities that support those who need us.

APPENDIX

Table E1. The Group's Total Emissions by Category in FY2020/2021 and FY2019/2020[9]

Emission Category	Key Performance Indicator (KPI)	Unit	FY2020/2021 Amount	FY2020/2021 Intensity[1] (Unit/ employee)	FY2019/2020 Amount[2]	FY2019/2020 Intensity[2] (Unit/ employee)
Air Emissions[3]	SO_x	Kg	**0.96**	**0.01**	0.98	–
	NO_x	Kg	**41.17**	**0.40**	42.16	–
	PM	Kg	**3.03**	**0.03**	3.10	–
GHG Emissions	Scope 1 (Direct Emissions)[4]	Tonnes of CO_2e	**3,854.68**	**37.06**	3,086.70	–
	Scope 2 (Energy Indirect Emissions)[5]	Tonnes of CO_2e	**15.84**	**0.15**	24.46	–
	Scope 3 (Other Indirect Emissions)[6]	Tonnes of CO_2e	**7.01**	**0.07**	–	–
	Total (Scope 1, 2 & 3)	Tonnes of CO_2e	**3,877.52**	**37.28**	3,111.16	31.75
Non-hazardous Waste	Solid wastes[7]	Tonnes	**56,591.25**	**544.15**	48,519	495.09
	Wastewater[8]	m^3	**11,361.1**	**109.24**	10,282	104.92

1. Intensity for FY2020/2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's total number of employees of 104 in FY2020/2021;
2. The amount and intensity in FY2019/2020 were modified following the principle of Consistency for meaningful benchmarking;
3. The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;
4. The Group's Scope 1 (Direct Emissions) included only the consumption of diesel in motor vehicles;
5. The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;
6. The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from electricity used for processing fresh water and sewage by government departments;
7. The solid wastes included excess mud from the construction work which was regarded as the major solid waste of operations;
8. The total amount of wastewater generated by the Group was primarily based on the direct measurement together with appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain; and
9. The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

Table E2. Total Resource Consumption in FY2020/2021

			FY2020/2021		FY2019/2020	
Use of Resources	**Key Performance Indicator (KPI)**	**Unit**	**Amount**	**Intensity[1] (Unit/ employee)**	Amount[2]	Intensity[2] (Unit/ employee)
Energy	Electricity	kWh	**42,804**	**411.58**	37,059	378.15
	Diesel	L	**1,461,257**	**14,050.55**	1,163,909	11,876.62
	TOTAL	GJ	**56,106.25**	**539.48**	44,699.99	456.12
Water	Water	m^3	**11,361.1**	**109.24**	10,281.6	104.91
Raw materials	Concrete	Tonnes	**1,201.2**	**11.55**	1,084.3	11.06

1. Intensity for FY2020/2021 was calculated by dividing the amount of resources that the Group consumed in FY2020/2021 by the Group's numbers of employees of 104 in FY2020/2021; and

2. The amount and intensity in FY2019/2020 were modified following the principle of Consistency for meaningful benchmarking.

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2020/2021[1]

Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	7	9	28	50	94
Female	1	3	2	4	10
Total	8	12	30	54	104

Employment type		
Full time	Part time	Total
104	0	104

Position Level			
General staff	Middle-level managers	Senior management and directors	Total
90	11	3	104

Geographical location	
Locations	Number of employees
Hong Kong	104
Total:	104

1. The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2020/2021[1]

Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	8	6	13	38	65
Employee turnover rate	114.29%	66.67%	46.43%	71.70%	67.01%
Female	1	2	1	3	7
Employee turnover rate	100.00%	50.00%	50.00%	75.00%	63.64%
Total	9	8	14	41	72
Total employee turnover rate	112.50%	61.54%	46.67%	71.93%	66.67%

Geographical locations

Locations	Employee turnover	Employee turnover rate
Hong Kong	72	66.67%

1. The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2020/2021 by the number of employees in FY2020/2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

THE REPORTING CONTENT INDEX FROM THE HKEX

Aspects	ESG Indicators	Description	Section/Explanation	Page
A. Environmental				
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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations	Environmental sustainability	35
	KPI A1.1	The types of emissions and respective emissions data.	Appendix	52
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	52
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental sustainability	36
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	52
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental sustainability (partial disclosure)	36
	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.	Environmental sustainability (partial disclosure)	36
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental sustainability	39

Aspects	ESG Indicators	Description	Section/Explanation	Page
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix	53
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix	53
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental sustainability (partial disclosure)	39
	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.	Environmental sustainability (partial disclosure)	40
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging materials has been consumed in the reporting year	39
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental sustainability	42
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental sustainability	42
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.	Environmental sustainability	42
	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.	Environmental sustainability (partial disclosure)	42

Aspects	ESG Indicators	Description	Section/Explanation	Page
B. Social				
Employment and Labour Practices				
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.	Social sustainability	43
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix	54
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix	55
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.	Social sustainability	45
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social sustainability	46
	KPI B2.2	Lost days due to work injury.	Social sustainability	46
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social sustainability	45

Aspects	ESG Indicators	Description	Section/Explanation	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Social sustainability	47
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social sustainability (partial disclosure)	47
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social sustainability	47
B4: Labour Standards	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 preventing child and forced labour.	Social sustainability	47
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social sustainability	47
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social sustainability	47
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social sustainability	48
	KPI B5.1	Number of suppliers by geographical region.	Social sustainability	48
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social sustainability (partial disclosure)	48
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social sustainability	48

Aspects	ESG Indicators	Description	Section/Explanation	Page
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social sustainability (partial disclosure)	48
B6: Product Responsibility	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social sustainability	48
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No products has been recalled in the reporting year.	–
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No complaints has been received in the reporting year.	–
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social sustainability	49
	KPI B6.4	Description of quality assurance process and recall procedures	Social sustainability	49
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social sustainability	49

Aspects	ESG Indicators	Description	Section/Explanation	Page
B7: Anti-corruption	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 bribery, extortion, fraud and money laundering.	Social sustainability	50
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social sustainability	50
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social sustainability	50
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social sustainability	50
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social sustainability	51
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social sustainability	51
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	No substantial resources contribution has been made in the reporting year.	–

Directors' Report

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in leasing of machinery. Details of the principal activities of the subsidiaries of the Company are set out in note 18 to the consolidated financial statements of this annual report.

There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 140 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject to;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;

- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

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

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 March 2021 and the financial position of the Company and of the Group as at 31 March 2021 are set out in the consolidated financial statements on pages 79 to 139 of this annual report.

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

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 26 August 2021 (the "**2021 AGM**"). For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Monday, 23 August 2021 to Thursday, 26 August 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 August 2021.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 6 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements of this annual report.

DONATION

No charitable donations was made by the Group during the year ended 31 March 2021 (2020: HK$Nil).

SHARE CAPITAL

Details of the Company's share capital is set out in note 30 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

Details of the Share Option Scheme is set out in note 33 to the consolidated financial statements.

For the year ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 32 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of the Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 March 2021 are set out in note 36 to the consolidated financial statements of this annual report. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVE

As at 31 March 2021, none of the Company's reserves available for distribution to owners comprising share premium account less accumulated losses.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2021, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 31.7%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 79.6%.

During the year ended 31 March 2021, the percentage of the Group's largest supplier was approximately 6.1% of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 16.0% of the total direct costs.

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

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau

Independent Non-executive Directors

Mr. Cheung Chung Chuen George *(resigned on 1 June 2021)*
Mr. Law Ching Ning Paschal *(resigned on 1 June 2021)*
Mr. Leung Wai Hung *(resigned on 1 March 2021)*
Mr. He Dingding *(appointed on 14 May 2021)*
Ms. Chan Wan Ling Sammi *(appointed on 1 June 2021)*
Ms. Liu Ching Man *(appointed on 1 June 2021)*

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Director for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Pursuant to Article 108 and 112 of the Company's articles of association, Mr. He, Ms. Chan and Ms. Liu will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 14 of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

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.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 13 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the year ended 31 March 2021 falls within the following band:

Remuneration band	**Number of senior management**
Nil to HK$1,000,000	1
HK$1,000,001 to up to HK$1,500,000	–

REMUNERATION POLICY

The Company's remuneration policy (the "**Remuneration Policy**") comprises primarily a fixed component (in the form of a base salary) and variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the Remuneration Policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2021 are set out in note 13 to the consolidated financial statements of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in note 36 to the consolidated financial statements of this annual report, no Directors or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2021.

MANAGEMENT CONTRACTS

As at 31 March 2021, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares and debentures of the Company" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 March 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were follow:

Name	Capacity/Nature of interest	Number of shares of the Company held/interested	Percentage of shareholding
Mr. Tang Note 1	Interest of a controlled corporation	18,700,000	20.78%
Mr. Chui Note 2	Interest of a controlled corporation	18,300,000	20.33%

Notes:

1. Mr. Tang legally and beneficially owns the entire issued share capital of C3J Development Limited ("**C3J Development**"). Therefore, Mr. Tang is deemed, or taken to be, interested in all the shares of the Company held by C3J Development for the purpose of the SFO. Mr. Tang is the sole director of C3J Development.

2. Mr. Chui legally and beneficially owns the entire issued share capital of Hunter Corporate Limited ("**Hunter Corporate**"). Therefore, Mr. Chui is deemed, or taken to be, interested in all the shares of the Company held by Hunter Corporate for the purpose of the SFO. Mr. Chui is the sole director of Hunter Corporate.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors, as at 31 March 2021, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained 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 the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares of the Company held/interested	Percentage of shareholding
C3J Development	Beneficial owner	18,700,000	20.78%
Ms. Lam Ka Yi [Note 1]	Interest of spouse	18,700,000	20.78%
Hunter Corporate	Beneficial owner	18,300,000	20.33%
Ms. Wong Kit Chun [Note 2]	Interest of spouse	18,300,000	20.33%
China New Economy Fund Limited [Note 3]	Beneficial owner	8,505,000	9.45%

Notes:

1. Ms. Lam Ka Yi is the spouse of Mr. Tang. Mr. Tang legally and beneficially owns the entire issued share capital of C3J Development. Therefore, Ms. Lam Ka Yi is deemed, or taken to be, interested in all the shares of the Company held by C3J Development for the purpose of the SFO.

2. Ms. Wong Kit Chun is the spouse of Mr. Chui. Mr. Chui legally and beneficially owns the entire issued share capital of Hunter Corporate. Therefore, Ms. Wong Kit Chun is deemed, or taken to be, interested in all the shares of the Company held by Hunter Corporate for the purpose of the SFO.

3. China New Economy Fund Limited is a company incorporated in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 80).

Save as disclosed above, as at 31 March 2021, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 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 the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OR LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

COMPETITION AND CONFLICT ON INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rule, or has any other conflict of interests with the Group during year ended 31 March 2021.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" on pages 15 to 27 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Option Scheme" on page 64 of this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, throughout the year ended 31 March 2021 and prior to the issue of this annual report, the Company maintained a sufficient public float of at least 25% in the issued share capital of the Company pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes for reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the independent non-executive Directors of the Company.

The summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non–executive Directors to be independent.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 37 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2021 has been audited by RSM Hong Kong ("**RSM**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of RSM as auditor of the Company.

ON BEHALF OF THE BOARD

Beaver Group (Holding) Company Limited
Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 22 June 2021

Independent Auditor's Report

RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

T +852 2598 5123
F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123
傳真 +852 2598 7230

www.rsmhk.com

TO THE SHAREHOLDERS OF
BEAVER GROUP (HOLDING) COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Beaver Group (Holding) Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 79 to 139, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (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. The key audit matters we identified are:

1. Recognition of revenue and cost from construction contracts and contract assets

2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**")

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recognition of revenue and costs from construction contracts and contract assets Refer to notes 7 and 21 to the consolidated financial statements. As disclosed in note 7 to the consolidated financial statements, during the year ended 31 March 2021, the Group generated revenue of approximately HK$139,675,000 (2020: HK$75,611,000) from construction contracts. As disclosed in note 21 to the consolidated financial statements, the carrying amounts of contract assets for contract work of approximately HK$28,718,000 (net of allowance for impairment loss of approximately HK$7,494,000) (2020: HK$18,807,000 (net of allowance for impairment loss of approximately HK$2,309,000)) were recorded in the consolidated statement of financial position as at 31 March 2021.	Our audit procedures to revenue recognition and costs from construction contracts and contract assets included the following: 1. Understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the construction contracts; 2. Agreeing the total contract value to the contracts and variation orders, if any, to customers' instructions or other form of agreements or other correspondences, on a sample basis; 3. Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis;

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's main revenue is construction revenue from the provision of foundation works. The Group recognises contract revenue progressively over time using output method, based on direct measurements of the value of services delivered or surveys of work performed and the estimated total revenue for the contracts entered into by the Group. Contract costs are recognised when work is performed, together with any provisions for expected contract losses. Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses. The recognition of revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated and ascertained damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable. We identified the recognition of revenue and cost from construction contracts and contract assets as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.	4. Assessing the reasonableness of contract revenue recognised by inspecting the certificate of completion stage issued by customers, and comparing with payment application prepared by the in-house surveyor; and 5. Discussing with management the performance of contracts in progress during the year, on a sample basis, and challenging the key estimates and assumptions adopted in the forecasts for contract revenue and contract costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and the assessment of potential liquidated and ascertained damages for contracts which were behind schedule, by obtaining and evaluating relevant information in connection the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations and claims and by considering historical outcomes of similar contracts.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**") Refer to notes 20 and 21 to the consolidated financial statements. As disclosed in note 20 to the consolidated financial statements, as at 31 March 2021, the Group's trade and retention receivables amounted to approximately HK$36,532,000 (net of allowance for impairment loss of approximately HK$21,508,000) (2020: HK$48,432,000 (net of allowance for impairment loss of approximately HK$10,283,000)). The trade and retention receivables which are past due but not impaired amounted to approximately HK$24,743,000 (2020: HK$35,625,000). As disclosed in note 21 to the consolidated financial statements, the Group's contract assets amounted to approximately HK$28,718,000 (net of allowance for impairment loss of approximately HK$7,494,000) (2020: HK$18,807,000 (net of allowance for impairment loss of approximately HK$2,309,000)). We identified the impairment of trade and retention receivables and contract assets as a key audit matter because the assessment of the impairment of trade and retention receivables and contract assets under ECL model is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias. As disclosed in note 6(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade and retention receivables and contract assets based on provision matrix, after considering internal credit ratings, ageing and past due status of respective trade and retention receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade and retention receivables that are credit impaired are assessed for ECL individually.	Our audit procedures to assess the impairment of trade and retention receivables and contract assets in respect of ECL included the following: 1. Assessing the external valuer's qualifications, experience and expertise and considering their objectivity and independence; 2. Assessing whether trade and retention receivables and contract assets was appropriately grouped by management into categories with shared credit risk characteristics; 3. Testing on a sample basis the accuracy and completeness of the data used by management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data; 4. Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; 5. Inspecting cash receipts from customers after the financial year end relating to trade and retention receivables and contract assets balances as at 31 March 2021, and subsequent progress billing after the financial year end relating to contract assets on a sample basis; and 6. With the assistance of our in-house valuation specialists: (i) assessing the appropriateness of the impairment model used by the Group; (ii) considering the appropriateness of forward-looking adjustments to historical loss rates; (iii) testing the calculation of historical loss rates; and (iv) testing the calculation of the expected credit loss provisions.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities 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. We report our opinion solely to you, as a body, in accordance with section 406 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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 the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kong Wang.

RSM Hong Kong
Certified Public Accountants
Hong Kong
22 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**141,791**	86,999
Cost of sales		**(126,628)**	(76,606)
Gross profit		**15,163**	10,393
Other income, gains/(losses)	8	**3,278**	1,222
Administrative expenses		**(15,270)**	(14,895)
Allowance for impairment loss of financial assets, net		**(16,410)**	(6,750)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		**191**	(1,573)
Loss from operations		**(13,048)**	(11,603)
Finance costs	10	**(1,418)**	(2,305)
Loss before tax		**(14,466)**	(13,908)
Income tax (expense)/credit	11	**(248)**	1,304
Loss for the year attributable to owners of the Company	12	**(14,714)**	(12,604)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**(2)**	(3)
Other comprehensive income for the year, net of tax		**(2)**	(3)
Total comprehensive income for the year attributable to owners of the Company		**(14,716)**	(12,607)
Loss per share			*(Restated)*
Basic and diluted (cents)	15	**(20.21)**	(21.01)

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	**38,401**	51,898
Right-of-use assets	17	**8,993**	8,683
Financial assets at FVTPL	19	**8,618**	8,427
Total non-current assets		**56,012**	69,008
Current assets			
Trade and retention receivables	20	**36,532**	48,432
Contract assets	21	**28,718**	18,807
Deposits, prepayments and other receivables	22	**3,773**	2,073
Income tax recoverable		**127**	159
Bank and cash balances	23	**7,532**	5,454
Total current assets		**76,682**	74,925
Current liabilities			
Trade and retention payables	24	**26,170**	21,067
Accruals and other payables	25	**11,290**	8,002
Bank and other borrowings	26	**25,678**	38,350
Lease liabilities	27	**2,346**	2,113
Current tax liabilities		**32**	32
Due to a director	28	**281**	–
Total current liabilities		**65,797**	69,564
Net current assets		**10,885**	5,361
Total assets less current liabilities		**66,897**	74,369
Non-current liabilities			
Lease liabilities	27	**7,137**	7,031
Deferred tax liabilities	29	**4,994**	4,722
Total non-current liabilities		**12,131**	11,753
NET ASSETS		**54,766**	62,616
Capital and reserves			
Share capital	30	**9,000**	6,000
Reserves	32	**45,766**	56,616
TOTAL EQUITY		**54,766**	62,616

Approved by the Board of Directors on 22 June 2021 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley	**Mr. Chui Koon Yau**
Director	*Director*

Consolidated Statement of Changes In Equity

For the year ended 31 March 2021

	Attributable to owners of the Company					
	Share capital HK$'000 (note 30)	Share premium HK$'000 (note 32(b)(i))	Merger reserve HK$'000 (note 32(b)(ii))	Foreign currency translation reserve HK$'000 (note 32(b)(iii))	Retained earnings HK$'000	Total equity HK$'000
At 1 April 2019	6,000	36,581	22	254	32,366	75,223
Total comprehensive income for the year	–	–	–	(3)	(12,604)	(12,607)
Changes in equity for the year	–	–	–	(3)	(12,604)	(12,607)
At 1 April 2020	**6,000**	**36,581**	**22**	**251**	**19,762**	**62,616**
Issuance of shares upon rights issue (note 30)	**3,000**	**5,100**	**–**	**–**	**–**	**8,100**
Transaction costs on issuance of shares upon rights issue (note 30)	**–**	**(1,234)**	**–**	**–**	**–**	**(1,234)**
Total comprehensive income for the year	**–**	**–**	**–**	**(2)**	**(14,714)**	**(14,716)**
Changes in equity for the year	**3,000**	**3,866**	**–**	**(2)**	**(14,714)**	**(7,850)**
At 31 March 2021	**9,000**	**40,447**	**22**	**249**	**5,048**	**54,766**

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(14,466)**	(13,908)
Adjustments for:		
Depreciation on property, plant and equipment	**9,255**	12,459
Depreciation on right-of-use assets	**2,175**	2,375
Finance costs	**1,418**	2,305
Addition of provision for annual leave	**(134)**	(292)
Release of lease liabilities	**–**	(40)
Written-off of right-of-use assets	**–**	39
Loss on disposals of property, plant and equipment	**932**	–
Allowance for impairment loss of financial assets, net	**16,410**	6,750
Change in fair value of financial assets at FVTPL	**(191)**	1,573
Operating cash flows before working capital changes	**15,399**	11,261
Decrease/(increase) in trade and retention receivables	**675**	(1,825)
Increase in contract assets	**(15,096)**	(6,727)
(Increase)/decrease in deposits, prepayments and other receivables	**(1,700)**	2,263
Increase/(decrease) in trade and retention payables	**5,103**	(7,494)
Increase in accruals and other payables	**3,422**	886
Cash generated from/(used in) operations	**7,803**	(1,636)
Income taxes refunded, net	**56**	1
Interest paid	**(1,418)**	(2,305)
Net cash generated from/(used in) operating activities	**6,441**	(3,940)

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(5,324)**	(5,952)
Proceeds from disposal of property, plant and equipment	**8,634**	–
Purchase of financial assets at FVTPL	**–**	(10,000)
Net cash generated from/(used in) investing activities	**3,310**	(15,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	**5,100**	29,277
Shareholder loan raised	**2,000**	–
Repayments of lease liabilities	**(2,146)**	(2,344)
Repayments of bank and other borrowings	**(19,772)**	(16,834)
Issuance of share from rights issue	**6,866**	–
Increase in amount due to a director	**281**	–
Net cash (used in)/generated from financing activities	**(7,671)**	10,099
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,080**	(9,793)
Effect of foreign exchange rate changes	**(2)**	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,454**	15,250
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,532**	5,454

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 3 January 2017. The address of its registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 October 2017.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2021, Hunter Corporate Limited ("**Hunter**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and C3J Development Limited ("**C3J**"), a company incorporated in the BVI with limited liability, are the ultimate holding companies and Mr. Chui Koon Yau ("**Mr. Chui**") and Mr. Tang Kwai Leung Stanley, ("**Mr. Tang**") are the ultimate controlling parties of the Company (collectively known as the "**Controlling Shareholders**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

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

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform Phase 2	1 January 2021
Amendment to HKFRS 16, COVID-19-Related Rent Concessions	30 June 2020
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are, as follows:

Plant and machinery	12.5% to 20%
Casing and equipment	20%
Motor vehicles	30%
Furniture, fixture and office equipment	33%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

(i) The Group as lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

(ii) The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(e) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in note 4(v) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(f) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method based on direct measurements of value of services delivered or surveys of work performed.

The likelihood of the Group in suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. 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 FVTPL) are added to or deducted from the fair value 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 fair value through profit or loss are recognised immediately in profit or loss.

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

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or Fair value through other comprehensive income ("**FVTOCI**") (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade, retention and other receivables

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

Trade, retention and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9 and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

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

(p) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

(i) Construction contract income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 4(f) above.

(ii) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue recognition (Continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Employee benefits

(i) Employee leave entitlements

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

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

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Effective 1 April 2020, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become 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.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right of use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right of use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and retention receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and retention receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

– 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 for a particular financial instrument;

– 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;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

- significant increases in credit risk on other financial instruments of the same debtor;

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- 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 analysis, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

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

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and retention receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 17 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

Key sources of estimation uncertainty

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

(a) Revenue and profit recognition of construction contracts

As explained in policy notes 4(f) and 4(p), revenue from construction contracts are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date.

Based on the Group's recent experience and the nature of construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 21 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 March 2021, approximately HK$139,675,000 (2020: HK$75,611,000) of revenue from construction contracts was recognised.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2021 was approximately HK$38,401,000 (2020: HK$51,898,000) and approximately HK$8,993,000 (2020: HK$8,683,000) respectively.

(c) Impairment of trade and retention receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade receivables and contract assets based on the credit risk of trade and retention receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2021, the carrying amount of trade and retention receivables and contract assets is approximately HK$36,532,000 and HK$28,718,000 (net of allowance for impairment loss of approximately HK$21,508,000 and HK$7,494,000) respectively.

As at 31 March 2020, the carrying amount of trade and retention receivables and contract assets is approximately HK$48,432,000 and HK$18,807,000 (net of allowance for impairment loss of approximately HK$10,283,000 and HK$2,309,000) respectively.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For the year ended 31 March 2021, approximately HK$248,000 of income tax (2020: HK$1,304,000 credited to profit or loss) was charged to profit or loss based on the estimated profit.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities HK$, US dollar ("**US$**") and Macau Pataca ("**MOP**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and retention receivables). The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade and retention receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 7–60 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Retention receivables are usually due within 365 days from the date of completion of the projects. The Group's credit terms with its customers are mainly based on the contract terms. Normally, the Group does not obtain collateral from customers.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

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

The following table provides information about the Group's exposure to credit risk and ECL for trade and retention receivables and contract assets as at 31 March 2021:

		2021	
Trade receivables	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**6.91**	**11,873**	**821**
1–30 days past due	**11.44**	**6,023**	**689**
31–60 days past due	**14.29**	**70**	**10**
61–90 days past due	**14.29**	**1**	*****
More than 90 days past due	**47.37**	**35,019**	**16,588**
		52,986	**18,108**

		2021	
Retention receivables	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**30.80**	**1,065**	**328**
Over 6 months	**77.01**	**3,989**	**3,072**
		5,054	**3,400**

		2021	
Contract assets	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**20.70**	**36,212**	**7,494**

* Represents the amount less than HK$1,000.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

	2020		
Trade receivables	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	2.51	13,116	329
1–30 days past due	3.71	9,857	366
31–60 days past due	4.56	855	39
61–90 days past due	5.43	1,935	105
More than 90 days past due	22.79	28,360	6,462
		54,123	7,301

	2020		
Retention receivables	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	16.67	24	4
Up to 3 months	24.67	227	56
Over 3 months and less than 6 months	26.47	102	27
Over 6 months	68.29	4,239	2,895
		4,592	2,982

	2020		
Contract assets	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	10.93	21,116	2,309

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and contract assets.

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

	2021 **HK$'000**	2020 HK$'000
At 1 April	**12,592**	5,842
Impairment losses recognised for the year	**16,410**	7,231
Reversals	**–**	(481)
At 31 March	**29,002**	12,592

Other receivables

All of the Group's other receivables are considered to have low credit risk, and the allowance for impairment recognised during the year was therefore limited to 12-month expected losses. Management considers other receivables to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

As at 31 March 2021, there were 2 customers (2020: 3 customers) which individually contributed over 10% of the Group's trade and retention receivables respectively. The aggregate amounts of trade and retention receivables from these customers amounted to 29% of the Group's total trade and retention receivables as at 31 March 2021 (2020: 32%).

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

At 31 March 2021	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and retention payables	26,170	–	–	26,170	26,170
Accruals and other payables	10,668	–	–	10,668	10,668
Bank and other borrowings	25,678	–	–	25,678	25,678
Lease liabilities	2,669	2,683	5,803	11,155	9,483
Due to a director	281	–	–	281	281
	65,466	2,683	5,803	73,952	72,280

At 31 March 2020	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and retention payables	21,067	–	–	21,067	21,067
Accruals and other payables	7,515	–	–	7,515	7,515
Bank and other borrowings	38,350	–	–	38,350	38,350
Lease liabilities	2,351	2,080	6,410	10,841	9,144
	69,283	2,080	6,410	77,773	76,076

Bank and other borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2021 and 2020, the aggregate undiscounted principal amounts of these bank and other borrowings with a repayment on demand clause amounted to approximately HK$25,678,000 and HK$38,350,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks and the lenders will exercise their discretionary rights to demand immediate repayment.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The directors believe that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the repayment cash outflows are as below:

	Repayable within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000
At 31 March 2021				
Contractual undiscounted cash flows	**10,979**	**6,030**	**10,540**	**27,549**
At 31 March 2020				
Contractual undiscounted cash flows	21,425	9,195	10,224	40,844

(d) Interest rate risk

The Group's lease liabilities and bank and other borrowings of approximately HK$13,127,000 (2020: HK$26,119,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to cash flow interest rate risk arises from its bank deposits, and bank and other borrowings. These bank deposits and bank and other borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2021, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss after tax for the year would have been HK$108,000 lower (2020: HK$92,000 lower), arising mainly as a result of net of lower interest expenses on bank deposits and bank and other borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, loss after tax for the year would have been HK$108,000 higher (2020: HK$92,000 higher), arising mainly as a result of net of higher interest expenses on bank deposits and bank and other borrowings.

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 March

	2021 HK$'000	2020 HK$'000
Financial assets:		
Financial assets at FVTPL	**8,618**	8,427
Financial assets at amortised costs (including cash and cash equivalents)	**73,263**	73,082
Financial liabilities:		
Financial liabilities at amortised cost	**72,280**	76,076

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

(a) Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Construction contract income	**139,675**	75,611
Rental income from machinery	**2,116**	11,388
	141,791	86,999

7. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers by major service line for the year is as follows: (Continued)

The Group derives revenue from the construction contract and machinery rental over time in the following major service lines and geographical regions:

For the year ended 31 March	Construction contract income		Rental income from machinery		Total	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Primary geographical markets						
– Hong Kong	**139,675**	73,504	**2,116**	11,388	**141,791**	84,892
– Macau	**–**	2,107	**–**	–	**–**	2,107
Segment Revenue	**139,675**	75,611	**2,116**	11,388	**141,791**	86,999
Timing of revenue recognition						
– Over time	**139,675**	75,611	**2,116**	11,388	**141,791**	86,999

(b) 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) as at 31 March 2021 and the expected timing of recognising revenue as follows:

	Construction contracts		Rental of machinery	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Within one year	**95,988**	87,480	**–**	–

8. OTHER INCOME, GAINS/(LOSSES)

	2021 HK$'000	2020 HK$'000
Interest income	**–**	2
Loss on disposals of property, plant and equipment	**(932)**	–
Gain on early termination of lease	**–**	1
Government grants (note)	**4,002**	50
Insurance claims	**82**	1,051
Others	**126**	118
	3,278	1,222

Note: During the year ended 31 March 2021, the Group recognised government grants of HK$4,002,000 (2020: HK$50,000) in respect of COVID-19 related subsidies, of which HK$3,932,000 relates to Employment Support Scheme provided by the Hong Kong government.

9. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As the Group is principally engaged in the provision of foundation work and machinery rental in Hong Kong and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the loss before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		**Non-current assets**	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Hong Kong	**141,791**	84,892	**47,394**	60,581
Macau	**–**	2,107	**–**	–
Consolidated total	**141,791**	86,999	**47,394**	60,581

9. SEGMENT INFORMATION (Continued)

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of its revenue is as below:

	2021 HK$'000	2020 HK$'000
Customer 1	**44,928**	N/A[1]
Customer 2	**25,804**	N/A[1]
Customer 3	**22,757**	–
Customer 4	**N/A[1]**	24,481
Customer 5	**N/A[1]**	10,272
Customer 6	**–**	8,845

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

10. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
– bank and other borrowings	**1,216**	2,160
– bank overdraft	**1**	–
– lease liabilities	**201**	145
	1,418	2,305

11. INCOME TAX EXPENSE/(CREDIT)

	2021 **HK$'000**	2020 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	36
Over-provision in prior years	**(24)**	(23)
	(24)	13
Deferred tax (note 29)	**272**	(1,317)
	248	(1,304)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2020: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

No provision for Macau Profits Tax for the year ended 31 March 2021 and 2020 since the Group has no assessable profit.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by respective applicable tax rates is as follows:

	2021 **HK$'000**	2020 HK$'000
Loss before tax	**(14,466)**	(13,908)
Tax at the respective applicable tax rates	**(1,466)**	(2,278)
Tax effect of expenses that are not deductible	**2,633**	1,578
Tax effect of income that is not taxable	**(961)**	–
Tax effect of tax losses not recognised	**141**	–
Tax effect of temporary differences previously not recognised	**86**	(986)
Tax effect of temporary differences not recognised	**(161)**	482
Over-provision in prior years	**(24)**	(23)
Tax reduction	**–**	(77)
Income tax expense/(credit)	**248**	(1,304)

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	Notes	2021 HK$'000	2020 HK$'000
Allowance for impairment loss of trade and retention receivables, net		**11,225**	4,622
Allowance for impairment loss of contract assets		**5,185**	2,128
Auditor's remuneration			
– Audit services		**620**	650
– Non-audit services		**500**	160
		1,120	810
Costs of construction materials	(a)	**47,408**	34,124
Depreciation on property, plant and equipment		**9,255**	12,459
Depreciation on right-of-use assets		**2,175**	2,375
	(b)	**11,430**	14,834
Loss on disposals of property, plant and equipment		**932**	–
Operating lease charges			
– Land and buildings	(c)	**249**	283
Addition of provision for annual leave		**134**	292
Staff costs including directors' emoluments			
– Salaries, bonuses, allowances and other benefits		**45,574**	33,086
– Retirement benefits scheme contributions		**1,390**	1,046
	(d)	**46,964**	34,132

Notes:

(a) The amounts were included in cost of sales for the year.

(b) The amounts included in cost of sales for the year ended 31 March 2021 and 2020 amounted to HK$10,736,000 and HK$12,268,000 respectively.

The amounts included in contract assets as at 31 March 2021 and 2020 amounted to HK$1,179,000 and HK$1,296,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2021 and 2020 amounted to HK$81,000 and HK$143,000 respectively.

The amounts included in contract assets as at 31 March 2021 amounted to HK$44,000.

(d) The amounts included in cost of sales for the year ended 31 March 2021 and 2020 amounted to HK$38,056,000 and HK$21,848,000 respectively.

The amounts included in contract assets as at 31 March 2021 and 2020 amounted to HK$5,250,000 and HK$3,664,000 respectively.

13. EMPLOYEE BENEFITS EXPENSE

	Notes	2021 HK$'000	2020 HK$'000
Employee benefits expense:			
Basic salaries, bonuses, allowances and other benefits		**45,574**	33,086
Retirement benefits scheme contributions	(a)	**1,390**	1,046
		46,964	34,132

Notes:

(a) Retirement benefits scheme contributions:

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

(b) Directors' emoluments:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
For the year ended 31 March 2021	**Fees HK$'000**	**Salaries and allowances HK$'000**	**Discretionary bonuses HK$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Total HK$'000**
Executive Directors					
Mr. Chui	–	840	–	18	858
Mr. Tang	–	840	–	18	858
Independent Non-executive Directors					
Mr. Cheung Chung Chuen George (note (i))	120	–	–	–	120
Mr. Law Ching Ning Paschal (note (i))	120	–	–	–	120
Mr. Leung Wai Hung (note (ii))	110	–	–	–	110
Total	350	1,680	–	36	2,066

13. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(b) Directors' emoluments: (Continued)

For the year ended 31 March 2020	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
Executive Directors					
Mr. Chui	–	876	–	18	894
Mr. Tang	–	771	–	18	789
Independent Non-executive Directors					
Mr. Cheung Chung Chuen George (note (i))	120	–	–	–	120
Mr. Law Ching Ning Paschal (note (i))	120	–	–	–	120
Mr. Leung Wai Hung (note (ii))	120	–	–	–	120
Total	360	1,647	–	36	2,043

Note:

(i) Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal resigned as independent non-executive directors on 1 June 2021.

(ii) Mr. Leung Wai Hung resigned as an independent non-executive director on 1 March 2021.

(c) Five highest paid individuals:

The five highest paid individuals in the Group during the year included two directors (2020: two) whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the remaining three (2020: three) individuals are set out below:

	2021 HK$'000	2020 HK$'000
Basic salaries, bonuses, allowances and other benefits	**2,509**	2,650
Retirement benefits scheme contributions	**54**	54
	2,563	2,704

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**–**	1

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

Except for Mr. Tang waived emoluments of approximately HK$105,000 for the year ended 31 March 2020, none of the other directors waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

13. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the directors of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2021 (2020: HK$Nil).

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2021 **HK$'000**	2020 HK$'000
Loss attributable to owners of the Company	**(14,714)**	(12,604)

Number of shares	**'000**	'000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**72,822**	60,000

The corresponding weighted average number of ordinary shares for the year ended 31 March 2020 has been retrospectively adjusted to reflect the said share consolidation. Details of share consolidation and rights issue completed during the year are set out in note 30.

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same.

The effect of all potential ordinary shares is anti-dilutive for the year ended 31 March 2021 and 31 March 2020 due to loss making for the year ended 31 March 2021 and 2020.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Casing and equipment HK$'000	Motor vehicles HK$'000	Furniture, fixture and office equipment HK$'000	Total HK$'000
Cost					
As at 1 April 2019	56,841	57,753	1,347	136	116,077
Additions	3,979	1,973	–	–	5,952
As at 31 March 2020 and 1 April 2020	60,820	59,726	1,347	136	122,029
Additions	–	5,301	–	23	5,324
Disposal	(17,687)	–	–	–	(17,687)
Write-off	–	–	(266)	–	(266)
As at 31 March 2021	43,133	65,027	1,081	159	109,400
Accumulated depreciation					
As at 1 April 2019	24,659	31,783	1,124	106	57,672
Charge for the year	5,661	6,654	120	24	12,459
As at 31 March 2020 and 1 April 2020	30,320	38,437	1,244	130	70,131
Charge for the year	3,436	5,756	49	14	9,255
Disposal	(8,121)	–	–	–	(8,121)
Write-off	–	–	(266)	–	(266)
As at 31 March 2021	25,635	44,193	1,027	144	70,999
Carrying amount					
As at 31 March 2021	17,498	20,834	54	15	38,401
As at 31 March 2020	30,500	21,289	103	6	51,898

At 31 March 2021, the carrying amount of property, plant and equipment pledged as security for the Group's bank and other borrowings amounted to HK$12,365,000 (2020: HK$21,439,000).

During the year, as a result of the downturn in the financial performance of the Group, the management of the Group carried out a review of the recoverable amounts of the assets of the Group as at 31 March 2021. The recoverable amount of the Group has been determined on the basis of their value in use using discounted cash flow method. The pre-tax discount rate used was 17.39%. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 1.4%. This rate does not exceed the average long-term growth rate for the relevant markets. The recoverable amount of the assets of the Group is higher than their carrying amounts and no provision for impairment loss has been made on property, plant and equipment and right-of-use assets.

17. RIGHT-OF-USE ASSETS

	Motor Vehicles HK$'000	Leased properties HK$'000	Total HK$'000
At 1 April 2019	2,084	272	2,356
Additions	–	8,741	8,741
Depreciation	(893)	(1,482)	(2,375)
Early termination	–	(39)	(39)
At 31 March 2020 and 1 April 2020	1,191	7,492	8,683
Additions	2,485	–	2,485
Depreciation	(748)	(1,427)	(2,175)
At 31 March 2021	2,928	6,065	8,993

Lease liabilities of HK$9,483,000 (2020: HK$9,144,000) are recognised with related right-of-use assets of HK$8,993,000 (2020: HK$8,683,000) as at 31 March 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2021 HK$'000	2020 HK$'000
Depreciation expenses on right-of-use assets	**2,175**	2,375
Interest expense on lease liabilities (included in finance cost)	**201**	145
Expenses relating to short-term lease (included in contract assets, cost of goods sold and administrative)	**249**	283

Details of total cash outflow for leases is set out in note 34(c).

For both years, the Group leases various offices, warehouses and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 5 years (2020: 1 year to 6 years), but may have extension and termination options as described below. 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.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

During the year ended 31 March 2020, the Group assessed at lease commencement date of a warehouse that it's reasonably certain to exercise the extension option for another three years, which has been recognised at the initial recognition.

18. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal Activities
			Direct	Indirect	
Everest Enterprise Company Limited ("**Everest Enterprise**")	BVI	US$100	100%	–	Investing holding
Triangular Force Construction Engineering Limited ("**Triangular Force**")	Hong Kong	HK$10,000	–	100%	Provision of foundation works and machinery rental services
TMP Machinery Engineering Limited ("**TMP Machinery**")	Hong Kong	HK$10,000	–	100%	Provision of management service for construction work
Longson Enterprise Development Company Limited ("**Longson**")	Hong Kong	HK$2,000	–	100%	Provision of machinery rental service
濠傑建築工程一人有限公司 ("**Ho Kit Construction**"*)	Macau	MOP25,000	–	100%	Provision of foundation works and ancillary services

* The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.

19. FINANCIAL ASSETS AT FVTPL

	2021 HK$'000	2020 HK$'000
Investments in life insurance policies	**8,618**	8,427
Analysed as:		
Current assets	**–**	–
Non-current assets	**8,618**	8,427
	8,618	8,427

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent life insurance policies entered by Triangular Force to insure Mr. Tang and Mr. Chui. Under the policies, the beneficiary and the policy holder is Triangular Force and the total insured sum are approximately US$3,456,000 (equivalent to approximately HK$27,128,000). The Group was required to pay a one-off premium payment of approximately US$1,274,000 (equivalent to approximately HK$10,000,000) and can terminate the policy at any time and receive cash back based on the cash value.

The life insurance policies were pledged to secure a bank borrowing of the Group.

The carrying amounts of the Group's financial assets at FVTPL are denominated in US$.

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liability is also not required.

19. FINANCIAL ASSETS AT FVTPL (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March 2021 and 2020:

	Fair value measurements using Level 3	
	2021	2020
	HK$'000	HK$'000
Recurring fair value measurements:		
Financial assets at FVTPL		
Investments in life insurance policies	**8,618**	8,427

(b) Reconciliation of assets measured at fair value based on level 3:

	Financial assets at FVTPL	
	2021	2020
	HK$'000	HK$'000
At 1 April	**8,427**	–
Purchase	**–**	10,000
Fair value change recognised in profit or loss	**191**	(1,573)
At 31 March	**8,618**	8,427

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2021:

The Group's management is responsible for the fair value measurements of assets required for financial reporting purposes, including level 3 fair value measurements. The fair value of the investments in life insurance policies is determined by reference to the cash surrender value of the insurance policies, which is not an observable input. The management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the Board of Directors at least twice a year.

20. TRADE AND RETENTION RECEIVABLES

	Notes	2021 HK$'000	2020 HK$'000
Trade receivables	(a)	**52,986**	54,123
Allowance for impairment loss		**(18,108)**	(7,301)
		34,878	46,822
Retention receivables (Note)	(b)	**5,054**	4,592
Allowance for impairment loss		**(3,400)**	(2,982)
		1,654	1,610
		36,532	48,432

Note: Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycles.

(a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 60 days from the date of billing. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, and net of allowance for impairment loss is as follows:

	2021 HK$'000	2020 HK$'000
0 to 30 days	**11,052**	12,755
31 to 60 days	**5,334**	10,305
61 to 90 days	**60**	34
Over 90 days	**18,432**	23,728
	34,878	46,822

Movement in allowance for impairment loss of trade receivables is as follows:

	HK$'000
At 1 April 2019	2,198
Allowance for the year	5,103
At 31 March 2020 and 1 April 2020	7,301
Allowance for the year	10,807
At 31 March 2021	18,108

20. TRADE AND RETENTION RECEIVABLES (Continued)

(a) (Continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021 **HK$'000**	2020 HK$'000
HK$	**34,878**	45,908
MOP	**–**	914
	34,878	46,822

(b) The ageing analysis of retention receivables based on invoice date, and net of allowance for impairment loss is as follows:

	2021 **HK$'000**	2020 HK$'000
Within 1 year	**766**	184
Between 1 to 2 years	**105**	1,362
Between 2 to 5 years	**783**	64
	1,654	1,610

Movement in allowance for impairment loss of retention receivables is as follows:

	HK$'000
At 1 April 2019	3,463
Reversal for the year	(481)
At 31 March 2020 and 1 April 2020	2,982
Allowance for the year	418
At 31 March 2021	3,400

The carrying amounts of the Group's retention receivables are denominated in Hong Kong dollars.

21. CONTRACT ASSETS

	2021 HK$'000	2020 HK$'000
Contract assets arising from:		
Performance under construction contracts	**15,328**	8,918
Less: Allowance for impairment loss	**(1,060)**	(223)
	14,268	8,695
Retention receivables from contracts with customers within the scope of HKFRS 15 which were included in "Trade and retention receivables" (Note 20(b))	**20,884**	12,198
Less: Allowance for impairment loss	**(6,434)**	(2,086)
	14,450	10,112
	28,718	18,807

As at 31 March 2021, all contract assets were expected to be billed within one year (2020: one year).

Movement in allowance for impairment loss of contract assets is as follows:

	HK$'000
At 1 April 2019	181
Allowance for the year	2,128
At 31 March 2020 and 1 April 2020	2,309
Allowance for the year	5,185
At 31 March 2021	7,494

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. Additionally, the Group typically agrees 6 months – 1 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the year end date.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	**1,489**	408
Deposit to a related party (note 36(b))	**12**	–
Prepayments	**2,212**	1,605
Other receivables	**60**	60
	3,773	2,073

23. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK$	**7,520**	5,453
MOP	**12**	1
	7,532	5,454

24. TRADE AND RETENTION PAYABLES

	Notes	2021 HK$'000	2020 HK$'000
Trade payables	(a)	**26,029**	20,028
Retention payables (Note)	(b)	**141**	1,039
		26,170	21,067

Note: Retention payables are included in current liabilities as the Group expects to realise these within its normal operating cycles.

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

	2021 HK$'000	2020 HK$'000
0 to 30 days	**4,442**	1,456
31 to 60 days	**4,793**	1,844
61 to 90 days	**4,116**	463
Over 90 days	**12,678**	16,265
	26,029	20,028

The carrying amounts of the Group's trade payables are denominated in Hong Kong dollars.

24. TRADE AND RETENTION PAYABLES (Continued)

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

The carrying amounts of the Group's retention payables are denominated in Hong Kong dollars.

25. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	**8,693**	7,067
Other payables	**2,597**	935
	11,290	8,002

26. BANK AND OTHER BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank borrowings – secured (note a)	**6,971**	5,162
Bank borrowings – unsecured (note b)	**12,959**	20,041
Other borrowings – secured (note c)	**3,748**	13,147
Loans from a controlling shareholder (note d)	**2,000**	–
	25,678	38,350

26. BANK AND OTHER BORROWINGS (Continued)

In the consolidated statement of financial position, bank and other borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities. Based on the scheduled repayment set out in the banking facility agreements, the maturity of obligations under bank and other borrowings are as follows:

	2021 HK$'000	2020 HK$'000
On demand or within one year	**10,154**	20,213
More than one year, but not exceeding two years	**5,342**	8,308
More than two years, but not exceeding five years	**10,182**	9,829
	25,678	38,350
Less: Amount due for settlement within 12 months	**(10,154)**	(20,213)
	15,524	18,137
Represented by: Amount due for settlement after 12 months	**–**	–
Portion of bank and other borrowings that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	**15,524**	18,137

Except for the loans from a controlling shareholder, all of the bank and other borrowings are guaranteed by the Company.

Note (a): As at 31 March 2021, the bank borrowings of approximately HK$6,971,000 (2020: HK$5,162,000) is secured by a charge over the insurance policies of the Group with a fair value of HK$8,618,000 (2020: HK$8,427,000) (note 19).

Note (b): During the year ended 31 March 2020, a subsidiary of the Group breached the covenant requirements under bank facilities with a bank, as the subsidiary's Tangible Net Worth was less than the required level by the bank. A revised bank facility without covenant requirements of Tangible Net Worth has been granted by the bank subsequent to 31 March 2020 and the breach of financial covenants has been rectified.

Note (c): As at 31 March 2021, the other borrowings of approximately HK$3,748,000 (2020: HK$13,147,000) is secured by a charge over the property, plant and equipment of the Group with a carrying amount of HK$12,365,000 (2020: HK$21,439,000).

Note (d): On 3 December 2020 and 9 December 2020, Mr. Chui granted two loans of HK$1,500,000 and HK$1,000,000 to a subsidiary of the Group with interest rate 1% per annum. The repayment schedule is set on first date in March to July 2020, HK$500,000 each installment. The interest accrued shall be repaid together with the last installment.

26. BANK AND OTHER BORROWINGS (Continued)

The average interest rates per annum at 31 March were as follows:

	2021	2020
Bank and other borrowings	2.36%	3.55%

As at 31 March 2021, bank and other borrowings of approximately HK$16,603,000 (2020: HK$16,975,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk, other bank and other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

27. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Within one year	2,669	2,286	2,346	2,113
In the second year	2,683	2,015	2,312	1,801
In the third to fifth years, inclusive	5,803	6,394	4,825	5,230
	11,155	10,695	9,483	9,144
Less: Future finance charges	(1,672)	(1,551)	–	–
Present value of lease obligations	9,483	9,144	9,483	9,144
Less: Amount due for settlement within 12 months (shown under current liabilities)			(2,346)	(2,113)
Amount due for settlement after 12 months			7,137	7,031

All lease liabilities are denominated in Hong Kong dollars.

The weighted average incremental borrowing rates applied to lease liabilities range from 2.79% to 4.90% (2020: from 3.95% to 6.32%).

At 31 March 2021, the Group's lease liabilities of approximately HK$1,171,000 (2020: HK$802,000) were guaranteed by the Company.

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is 5 years for the year ended 31 March 2021 and 2020 respectively. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

As at 31 March 2021 and 2020, lease liabilities of HK$9,483,000 and HK$9,144,000 bear fixed interest rate at the contract date and thus expose the Group to fair value interest rate risk. The remaining finance lease payables are arranged at floating rates and expose the Group to cash flow interest rate risk.

None of the portion of lease liabilities due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

28. AMOUNT DUE TO A DIRECTOR

The amount due to Mr. Tang is unsecured, interest-free and have no fixed repayment terms.

29. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 April 2019	(7,321)	1,282	(6,039)
Credit for the year (note 11)	465	852	1,317
As at 31 March 2020 and 1 April 2020	(6,856)	2,134	(4,722)
Credit/(charge) for the year (note 11)	1,166	(1,438)	(272)
As at 31 March 2021	(5,690)	696	(4,994)

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**696**	2,134
Deferred tax liabilities	**(5,690)**	(6,856)
	(4,994)	(4,722)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$5,075,000 (2020: HK$12,933,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$696,000 (2020: HK$2,134,000) of such losses. Unused tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	Notes	2021 Number of shares	2021 Amount HK$'000	2020 Number of shares	2020 Amount HK$'000
Authorised:					
At the beginning of the reporting period, ordinary shares of HK$0.01 each		**1,000,000,000**	**10,000**	1,000,000,000	10,000
Share consolidation	(ii)	**(900,000,000)**	**–**	(900,000,000)	–
At the end of the reporting period, ordinary shares of HK$0.1 each		**100,000,000**	**10,000**	100,000,000	10,000
Issued and fully paid:					
At the beginning of the reporting period, ordinary shares of HK$0.01 each		**600,000,000**	**6,000**	600,000,000	6,000
Issuance of shares upon rights issue	(i)	**300,000,000**	**3,000**	–	–
Share consolidation	(ii)	**(810,000,000)**	**–**	(540,000,000)	–
At the end of the reporting period, ordinary shares of HK$0.10 each		**90,000,000**	**9,000**	60,000,000	6,000

Notes:

(i) On 27 October 2020, the Company issued 300,000,000 ordinary shares upon completion of the rights issue on the basis of 1 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK$0.027 per Rights Share. The gross proceeds from the rights issue were approximately HK$8,100,000. The net proceeds after deducting related expenses of approximately HK$1,305,000 were approximately HK$6,795,000.

(ii) On 18 March 2021, the Company implement a share consolidation on the basis that every 10 existing shares be consolidated into 1 consolidated share. Subject to the share consolidation having become effective, the Company proposed to decrease in its authorised share capital from HK$10,000,000 divided into 1,000,000,000 consolidated shares of HK$0.01 each to HK$10,000,000 divided into 100,000,000 consolidated shares of HK$0.10 each by reducing 900,000,000 consolidated shares.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

30. SHARE CAPITAL (Continued)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by total equity. Total debt comprises lease liabilities, bank and other borrowings and amount due to a director. Adjusted capital comprises all components of equity, retained earnings and other reserves except for non-controlling interests.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings. As at 31 March 2021, 58.89% (2020: 38.33%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately demand repayment of borrowings. For details of breach of covenant during the year ended 31 March 2020, please refer to note 26(b) to the consolidated financial statements.

The debt-to-adjusted capital ratios at 31 March 2021 and at 31 March 2020 were as follows:

	2021 **HK$'000**	2020 HK$'000
Lease liabilities	**9,483**	9,144
Bank and other borrowings	**25,678**	38,350
Amount due to a director	**281**	–
Less: bank and cash equivalents	**(7,532)**	(5,454)
Net debts	**27,910**	42,040
Adjusted capital	**54,766**	62,616
Debt-to-adjusted capital ratio	**51.0%**	67.1%

The decrease in the debt-to-adjusted capital ratio during 2021 resulted primarily from repayment of bank and other borrowings from the proceed of the right issue.

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

(a) Statement of financial position of the Company

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment in a subsidiary		**1**	3,691
Current assets			
Prepayment		**1,494**	211
Bank and cash balances		**261**	20
Due from a subsidiary		**400**	–
		2,155	231
Current liabilities			
Due to a subsidiary		**1**	1
Accruals		**2,217**	1,626
Financial guarantees		**–**	3,690
		2,218	5,317
Net current liabilities		**(63)**	(5,086)
NET LIABILITIES		**(62)**	(1,395)
Capital and reserves			
Share capital	30	**9,000**	6,000
Reserves	31(b)	**(9,062)**	(7,395)
TOTAL EQUITY		**(62)**	(1,395)

Approved by the Board of Directors on 22 June 2021 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley
Director

Mr. Chui Koon Yau
Director

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

(b) Reserve movement of the Company

	Share premium HK$'000 (note 32(b)(i))	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2019	36,581	(42,799)	(6,218)
Total comprehensive loss for the year	–	(1,177)	(1,177)
As at 31 March 2020 and 1 April 2020	36,581	(43,976)	(7,395)
Issuance of shares upon rights issue	5,100	–	5,100
Transaction costs for issuance of shares upon rights issue	(1,234)	–	(1,234)
Total comprehensive loss for the year	–	(5,533)	(5,533)
Change in the equity for the year	3,866	(5,533)	(1,667)
As at 31 March 2021	40,447	(49,509)	(9,062)

32. RESERVES

(a) Reserves of the Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve represented the aggregate of paid-in capital of Triangular Force, TMP Machinery and Longson, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK$1 each respectively.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

33. SHARE-BASE PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 22 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share option was granted during the years ended 31 March 2021 and 2020.

34. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Additions to right-of-use assets during the year of HK$2,485,000 (2020: HK$8,741,000) were financed by lease liabilities.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. 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 as cash flows from financing activities.

	1 April 2020 HK$'000	Entering new leases HK$'000	Cash flows HK$'000	Interest expenses HK$'000	31 March 2021 HK$'000
Bank and other borrowings (note 26)	**38,350**	**–**	**(11,455)**	**(1,217)**	**25,678**
Lease liabilities (note 27)	**9,144**	**2,485**	**(1,945)**	**(201)**	**9,483**
	47,494	**2,485**	**(13,400)**	**(1,418)**	**35,161**

	1 April 2019 HK$'000	Impact on initial application of HKFRS 16 HK$'000	Entering new leases HK$'000	Release of lease liabilities HK$'000	Cash flows HK$'000	Interest expenses HK$'000	31 March 2020 HK$'000
Bank and other borrowings (note 26)	25,907	–	–	–	14,603	(2,160)	38,350
Lease liabilities (note 27)	–	2,787	8,741	(40)	(2,199)	(145)	9,144
Finance lease payables (note 27)	2,515	(2,515)	–	–	–	–	–
	28,422	272	8,741	(40)	12,404	(2,305)	47,494

34. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

	2021 HK$'000	2020 HK$'000
Within operating cash flows	**249**	283
Within financing cash flows	**2,146**	1,554
	2,395	1,837

These amounts relate to the following:

	2021 HK$'000	2020 HK$'000
Lease rental paid	**2,596**	1,884

35. LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices and car parks. As at 31 March 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 17, and the outstanding lease commitments relating to short-term leases for offices is approximately HK$96,000 (2020: HK$70,000).

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2021 HK$'000	2020 HK$'000
Rent paid to Mr. Tang's spouse	**78**	–

(b) Outstanding balances with related parties during the year:

	2021 HK$'000	2020 HK$'000
Rental deposit held by Mr. Tang's spouse	**12**	–

36. RELATED PARTY TRANSACTIONS (Continued)

(c) The remuneration of directors and other members of key management during the year were as follow:

	2021 HK$'000	2020 HK$'000
Short term benefits	**2,642**	3,722
Retirements benefit scheme contribution	**54**	72
	2,696	3,794

37. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of shares upon rights issue

On 3 May 2021, the Company issued 135,000,000 ordinary shares upon completion of the rights issue on the basis of 3 rights shares for every 2 consolidated shares held by shareholders of the Company on 29 March 2021 at the subscription price of HK$0.21 per rights share. The gross proceeds from the rights issue were approximately HK$28.35 million. The net proceeds after deducting related expenses of approximately HK$25 million.

(b) Deregistration of a subsidiary

Pursuant to an approval of deregistration issued by the local authority, Ho Kit Construction, the subsidiary in Macau was deregistered on 22 April 2021.

38. CONTINGENT LIABILITIES

Subsequent to the reporting period, a court writ was served to Triangular Force, an indirect wholly owned subsidiary of the Company, in relation to a claim by a third party for share dispute of approximately HK$6.5 million. In the opinion of the Directors, as Triangular Force did not enter into any form of agreement with the plaintiff, it does not have obligation to the claim so no provision has been made accordingly in the financial statements for the year ended 31 March 2021. According to the advice from the legal advisor of the Group, it is premature to determine the final outcome of the legal case, however the plaintiff has no legal merit based on the currently available information unless the plaintiff can substantiate and provide further details and supporting evidence on the case.

As at 31 March 2021 and 2020, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap.282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risk insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below.

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
RESULTS					
REVENUE	**141,791**	86,999	152,484	123,019	116,563
(LOSS)/PROFIT BEFORE TAX	**(14,466)**	(13,908)	(1,737)	(14,498)	6,839
INCOME TAX (EXPENSE)/CREDIT	**(248)**	1,304	(669)	36	(1,559)
(LOSS)/PROFIT FOR THE YEAR	**(14,714)**	(12,604)	(2,406)	(14,462)	5,280
ASSETS AND LIABILITIES					
NON-CURRENT ASSETS	**56,012**	69,008	60,489	57,808	63,877
NET CURRENT ASSETS	**10,885**	5,361	22,523	33,262	288
NON-CURRENT LIABILITIES	**(12,131)**	(11,753)	(7,789)	(7,396)	(8,728)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**54,766**	62,616	75,223	83,674	55,437