



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

**ANNUAL
REPORT
2021**



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (“Directors”) of Aeso Holding Limited (“Company”) 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 (“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 annual 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 in this annual report misleading.

CONTENTS

Corporate Information	3
Chairman’s Statement & Management Discussion and Analysis	4
Biographical Details of Directors and Senior Management	10
Corporate Governance Report	12
Directors’ Report	24
Independent Auditors’ Report	31
Consolidated Statement of Profit or Loss and Other Comprehensive Income	38
Consolidated Statement of Financial Position	39
Consolidated Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to the Financial Statements	44
Financial Summary	102

CORPORATION INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (*Chairman*)
Mr. Cheung Hiu Tung
Mr. Zhang Hai Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

COMPANY SECRETARY

Ms. Choi Mei Bik

COMPLIANCE OFFICER

Mr. Chan Siu Chung

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Yeung Chun Yue, David (*Chairman*)
Ms. Lai Wing Sze
Ms. Yu Wan Ki

REMUNERATION COMMITTEE

Ms. Lai Wing Sze (*Chairman*)
Mr. Chan Siu Chung
Mr. Yeung Chun Yue, David

NOMINATION COMMITTEE

Mr. Chan Siu Chung (*Chairman*)
Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze

AUDITORS

HLB HODGSON IMPEY CHENG LIMITED
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chan Siu Chung
Ms. Choi Mei Bik

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

18/F, The Pemberton,
22-26 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.aeso.hk

STOCK CODE

8341

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Aeso Holding Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021 (the "Reporting Period").

FINAL DIVIDEND

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

BUSINESS REVIEW

The Company is an investment holding company and the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing (the "Placing"). The Company's subsidiaries are principally engaged in the provision of fitting out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

As a contracting service provider which offers high quality and value-added services to cater for our clients' specification and satisfaction, the Group received continuing support from our customers over the years. We have also built up reputation which attract many new customers. Amongst the total revenue of approximately HK\$125.0 million for the Reporting Period, approximately HK\$107.0 million (2020: approximately HK\$156.9 million) was contributed by fitting-out projects, whereas approximately HK\$18.0 million (2020: approximately HK\$43.0 million) was contributed by renovation projects.

During the Reporting Period, the Company submitted tenders amounting to approximately HK\$2,706.0 million (2020: approximately HK\$1,901 million) and 19 projects were awarded (2020: 21 projects were awarded) amounting to approximately HK\$412.5 million (2020: approximately HK\$184.4 million), which include (i) two fitting-out project at Stanley with total contract sum of approximately HK\$139.0 million; (ii) two fitting-out projects for a commercial building at Chek Lap Kok with total contract sum of approximately HK\$75.0 million; and (iii) one fitting-out project for a residential development at Kai Tak with contract sum of approximately HK\$63.5 million. The projects in Stanley, Chek Lap Kok and Kai Tak were awarded by leading property developers in Hong Kong. The Group is renowned for its service quality and project management efficiency, such that most of the tenders were invited by the sizable property developers in Hong Kong and in the PRC. The Directors believe that the increase in value for the tenders submitted will drive up the performance of the Group and contribute profits and success to the Group.

It is expected that the large amount of tenders awarded during the Reporting Period enables the Group to have strong and stable source of revenue in the forthcoming financial years. The Directors will deploy more resources to satisfy the capital needs for performing the projects and will consider different alternatives to raise additional funds if the need arises.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately HK\$199.9 million for the year ended 31 March 2020 to approximately HK\$125.0 million for the Reporting Period, representing a decrease of approximately 37.5%. Such decrease was mainly due to the outbreak of COVID-19 pandemic in Hong Kong since early 2020 which in turn lead to an adverse effect on Hong Kong economy.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

The revenue for the fitting-out projects for the Reporting Period was approximately HK\$107.0 million, represented a decrease of approximately 31.8% from approximately HK\$156.9 million for the same period in 2020.

The revenue for the renovation projects for the Reporting Period was approximately HK\$18.0 million, represented an increase of approximately 58.1% from approximately HK\$43.0 million for the same period in 2020.

Cost of Services

The Group's direct cost decreased from approximately HK\$185.4 million for the year ended 31 March 2020 to approximately HK\$109.2 million for the Reporting Period, representing a decrease of approximately 41.1%. The decrease was in line with the decrease in revenue during the year.

Gross Profit

The Group's gross profit increased slightly from approximately HK\$14.5 million for the year ended 31 March 2020 to approximately HK\$15.8 million for the Reporting Period. Such improvement was mainly due to the implementation of stringent cost control measures during the year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$28.1 million and approximately HK\$22.6 million for the years ended 31 March 2020 and 2021 respectively, representing a decrease of approximately 19.6%. Such decrease was primarily due to the decrease in legal and professional fees during the Reporting Period.

Loss attributable to the owners of the Company

As a result of the aforesaid, the loss attributable to the owners of the Company was approximately HK\$5.7 million and approximately HK\$27.4 million for the years ended 31 March 2021 and 2020 respectively.

PROSPECT AND OUTLOOK

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long-term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting out works in Hong Kong, especially fitting-out projects for residential development and commercial premises. Since 1 April 2021 and up to the date of this report, the Group was awarded with one fitting-out project with contract sum of approximately HK\$4.5 million and one renovation project with contract sum of approximately HK\$1.3 million. The Boards will keep to tender new fitting-out projects and renovation projects including those mainland based property developers which are currently very active in new property development in Hong Kong.

However, the outbreak of COVID-19 pandemic in Hong Kong since early 2020 are the major uncertainties about the economic growth in coming years which our management will pay more attention. Besides, the productivity of our materials suppliers in mainland China and Europe may be affected by the aforesaid reason which may in turn affect the progress of our on-going projects, our management was closely communicating with those suppliers to minimise our operating risks.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

On 3 September 2020, the Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) rights shares for every one (1) Share held on the record date by issuing 600,000,000 rights shares at the subscription price of HK\$0.080 per rights share (the "Rights Issue"). The Rights Issue and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 October 2020. The Rights Issue was completed in November 2020. Upon the completion of the Rights Issue, the financial status and the cash position of the Company has been greatly enhanced. The fund raised has been used for the settlement of the outstanding payment obligations to subcontractors and materials suppliers and the repayment certain interest-bearing borrowings. As a result, the ongoing finance costs of the Group is reduced and the Board believes that the future performance of the Group will therefore be enhanced.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2021, the Group had net current assets of approximately HK\$16.5 million (31 March 2020: net current liabilities of approximately HK\$24.6 million), net assets of approximately HK\$19.4 million (31 March 2020: net liabilities of approximately HK\$21.1 million), bank balances and cash of approximately HK\$7.8 million (31 March 2020: approximately HK\$34.8 million) and pledged bank deposit of approximately HK\$1.8 million (31 March 2020: approximately HK\$1.8 million).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

Cash deposits of the Group of approximately HK\$1.8 million as at 31 March 2021 (31 March 2020: HK\$1.8 million) are charged to the bank to secure general banking facilities.

COMMITMENTS

As at 31 March 2021, the Group had no material commitment.

CAPITAL STRUCTURE

There has been no change in capital structure of the Company since 31 March 2021.

SIGNIFICANT INVESTMENTS

As at 31 March 2021, there was no significant investment held by the Group (31 March 2020: Nil).

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2021, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had 37 employees (31 March 2020: 32 employees). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all Directors and senior management of the Group.

USE OF PROCEEDS OBTAINED FROM THE PLACING

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK\$40.6 million, which was different from the estimated net proceeds of approximately HK\$41.6 million. The Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the prospectus of the Company dated 30 December 2016 (the "Prospectus"). During the Reporting Period, the Board resolved to allocate approximately HK\$4.9 million out of the unutilised net proceeds originally allocated for the acquisition of premises in Hong Kong to general working capital of the Group.

The unutilised amount of net proceeds as at 31 March 2020 of approximately HK\$4.9 million was originally intended to be used for acquisition of showroom and warehouse in Hong Kong for operating needs and storage purpose. The Group is unable to identify suitable premises with favorable offer for the use as showroom and warehouse. The Board expected that the unutilised amount of net proceeds will not be utilised as originally intended.

The impact of COVID-19 pandemic has created unprecedented challenges for all businesses in 2020. The Board considered that with no signs that the COVID-19 might end soon. During the Reporting Period, the COVID-19 pandemic still remained very prevalent and even getting worse than that of the date of the 2020 Annual Report. Moreover, prolonged precautionary and quarantine control measures were in effect in Hong Kong in which retail business are the most affected. In light of the aforesaid, the Board considered that the acquisition of showroom and warehouse will no longer be necessary and in the interest of the Group.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To mitigate such potential impact of COVID-19 pandemic, the Board considered that it is necessary for the Group to maintain sufficient working capital in preparation of any market upheaval. In view of the circumstances, the Board has resolved to allocate approximately HK\$4.9 million out of the unutilised net proceeds originally allocated for the acquisition of premises in Hong Kong to general working capital of the Group. The Board considers that the proposed change in use of proceeds is in the best interest of the Company and its shareholders as a whole and that it will allow the Group to deploy its financial resources more effectively.

As at 31 March 2021, all the net proceeds from the Placing had been fully utilised. An analysis of the utilisation of the net proceeds from 13 January 2017 (the "Listing Date") up to 31 March 2021 is set out below:

	Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus HK\$ million	Reallocation in use of net proceeds as at 13 August 2020 HK\$ million	New allocation of use of net proceeds HK\$ million	Actual use of net proceeds from the Listing Date up to 31 March 2020 HK\$ million	Actual use of net proceeds from the Listing Date up to 31 March 2021 HK\$ million
Further developing the Group's contracting business	22.8	-	22.8	22.8	22.8
Acquisition of premises in Hong Kong	5.7	(4.9)	0.8	0.8	0.8
Expansion of the Hong Kong office	1.7	-	1.7	1.7	1.7
Decoration of the Hong Kong office	1.9	-	1.9	1.9	1.9
Purchase of motor vehicles	1.2	-	1.2	1.2	1.2
Further strengthening the Group's in house team	3.2	-	3.2	3.2	3.2
General working capital	4.1	4.9	9.0	4.1	9.0
Total	40.6	-	40.6	35.7	40.6

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS OBTAINED FROM THE RIGHTS ISSUE

On 3 September 2020, the Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) rights shares for every one (1) share held on the record date by issuing 600,000,000 rights shares at the subscription price of HK\$0.080 per rights share. The Rights Issue and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 October 2020. The Rights Issue was completed in November 2020. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Rights Issue amounted to approximately HK\$46.2 million. The Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$19.3 million for the repayment of term loans including the interest incurred; and
- (ii) approximately HK\$26.9 million for the settlement of the outstanding payment obligations to subcontractors and materials suppliers of the Group's completed and ongoing projects.

As at the date of this report, all the net proceeds had been used at intended.

For further details of the Rights Issue, please refer to the prospectus of the Company dated 27 October 2020, the circular of the Company dated 22 September 2020, the announcements of the Company dated 3 September 2020, 13 October 2020, 16 November 2020 and 25 November 2020.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our management and staff for their continuous loyalty, dedication and contributions throughout the years. I would also like to express my sincere gratitude to our shareholders, Clients, business partners, banker, suppliers and subcontractors for their continuous support to the Group.

Aeso Holding Limited
Chan Siu Chung
Chairman

Hong Kong, 30 June 2021

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (陳少忠先生), aged 46, is the founder, the chairman of the Group. Mr. Chan has nearly 24 years of experience in the building and construction industry, especially in the field of fitting out and renovation (including alteration and addition) works. Mr. Chan obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997 and a master of science degree in construction project management from The University of Hong Kong in Hong Kong in 2006. He is primarily responsible for the overall strategic development, management of the Group, managing client relationship and business marketing. He is one of the founders of Aeso Limited, the operating subsidiary of the Company, and is currently its executive director and project director. He is also a director of Aeschylus Limited.

Mr. Chan has been a member of The Hong Kong Institute of Surveyors and a professional member of The Royal Institution of Chartered Surveyors since March 2001. He has been a registered professional surveyor since January 2011.

Mr. Cheung Hiu Tung (張曉東先生), aged 44, joined the Group in October 2008 and Mr. Cheung was appointed as the executive director of the Group on 1 November 2019. Mr. Cheung has over 20 years of experience in the building and construction industry. Mr. Cheung completed a 75-day Measurement Technician Training Course delivered by Construction Industry Training Authority in Hong Kong in November 1996. He obtained a certificate in quantity surveying and a higher certificate in quantity surveying from Hong Kong Institute of Vocational Education in Hong Kong in July 2000 and July 2002, respectively.

Mr. Zhang Haiwei (張海威先生), aged 37, joined the Group as the executive director on 24 May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Zhang has over 10 years of experience in business development and management and had held senior management positions in several enterprises. Prior to joining the Group, Mr. Zhang was a chief operating officer of a sizeable company in the PRC and he was mainly responsible for the company's building management and interior design projects involving application of automation technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David (楊振宇先生), aged 39, joined the Group as the independent non-executive director on 12 April 2019. He obtained a bachelor degree of business administration (Honors) in Accountancy from the City University of Hong Kong. Mr. Yeung is a practicing member of the Hong Kong Institute of Certified Public Accountants. He has over 15 years' experience in the accounting, auditing and taxation field. He is currently the director of a sizeable CPA firm and the committee member of the Panyu Committee of Chinese People's Political Consultative Conference.

Mr. Yeung was also an independent non-executive director of Mega Expo Holdings Limited (stock code: 1360), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited from December 2014 to March 2017.

Ms. Lai Wing Sze (黎穎絲女士), aged 32, joined the Group as the independent non-executive director on 24 May 2019. She obtained a bachelor degree of arts from the University of Derby. Ms. Lai has extensive working experience in Hong Kong and overseas. Prior to joining the Company, Ms. Lai had held various managerial and supervisory positions in certain multinational corporations.

Ms. Yu Wan Ki (余韻琪女士), aged 33, joined the Group as the independent non-executive director on 24 May 2019. She obtained a Bachelor Degree of Mass Communication in Journalism and Public Relations from Curtin University of Technology, Western Australia. Ms. Yu has more than 10 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

SENIOR MANAGEMENT

Ms. Cheng Nga Lai (鄭雅麗女士), aged 45, is the Senior Operating Manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 20 years of experience in the building and construction industry.

Ms. Cheng obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997.

COMPANY SECRETARY

Ms. Choi Mei Bik (蔡美碧女士), aged 39, has been appointed as the company secretary of the Company from 14 May 2019. Ms. Choi graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Company's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

Provision A.2.1 of the CG Code

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

Composition

The Board, which comprised six Directors as at the date of this corporate governance report, is collectively responsible for supervising the management of the business and affairs of the Company and the Group. Biographical details of the current Directors are set out in the section headed “Biographical details of Directors and Senior Management” of this annual report.

As at the date of this corporate governance report, the Board had three executive Directors, namely Mr. Chan Siu Chung (Chairman), Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei and three independent non executive Directors, namely Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki.

The presence of three independent non executive Directors is considered by the Board to be a reasonable balance between executive and non executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of the shareholders and the Company. The independent non executive Directors provide to the Company a wide range of expertise and experience so that independent judgement can be effectively exercised and the interests of all shareholders will be taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, scrutinizing the Company and the Group’s performance and reporting. They provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

As at the date of this corporate governance report, at least one of the independent non executive Directors has the appropriate professional qualifications or accounting or related financial management expertise.

Board Diversity

With the view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element. The Board has adopted a board diversity policy with effect from 10 January 2017 in compliance with Provision A.5.6 of the CG Code. All Board appointments have been and will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination and selection of candidates for Board membership by the Nomination Committee have been and will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved as at the date of this corporate governance report.

CORPORATE GOVERNANCE REPORT

Board Meetings

8 board meetings was held during the Reporting Period. At least 14 day's notices of regular Board meetings are given to all Directors and all Directors will be all given an opportunity to include matters in the agenda for discussion. The company secretary of the Company ("Company Secretary") assists the Chairman in preparing the agenda for the meetings and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. The finalised agenda and accompanying board papers are then sent to all Directors at least 1 days' prior to the meetings.

During the Reporting Period, to the best knowledge of the Group, 8 Board meetings was held and the following is an attendance record of the meetings by each Director:

Attendants	Number of meetings attended	Attendance percentage
Executive Directors		
Chan Siu Chung	8/8	100%
Cheung Hiu Tung	7/8	87.5%
Zhang Hai Wei	7/8	87.5%
Independent non executive Directors		
Yeung Chun Yue, David	8/8	100%
Lai Wing Sze	7/8	87.5%
Yu Wan Ki	7/8	87.5%

The Company records the proceedings of each Board meeting in details by keeping minutes, including the record of all decisions of the Board together with concerns raised and dissenting views expressed (if any) during the meeting. Drafts of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director. All Directors have access to relevant and timely information at all times as the Chairman ensures that the management will supply the Board and its committees with all relevant information in a timely manner. They may make further enquiries if it is in their opinion necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is held responsible for providing Directors with board papers and related materials and ensuring that all proper Board procedures and all applicable laws and regulations are followed and complied with. If considered necessary and appropriate by the Directors, they may retain independent professional advisers at the company's expense.

CORPORATE GOVERNANCE REPORT

In case where a conflict of interest may arise involving a substantial shareholder of the Company or a Director, such matter will be discussed in a physical meeting and will not be dealt with by way of written resolutions. Independent non executive Directors with no conflict of interest will be present at such meetings dealing with the conflict issue.

The Board committees, including the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have all adopted the applicable practices and procedures used in Board meetings for all committee meetings.

Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its shareholders and an opportunity for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxy(ies) to attend and vote at such meetings on their behalf if they are unable to attend the meetings.

The Chairman

The Chairman, Mr. Chan Siu Chung, is responsible for the Company's and the Group's overall strategy and business development. The Chairman determines the broad strategic direction of the Group in consultation with other Directors and is responsible for the macro top level decisions with regard to the overall business directions of the Company and the Group.

The Company Secretary

The Company Secretary is Ms. Choi Mei Bik, a member of the Hong Kong Institute of certified Public Accountants. In accordance with Rule 5.15 of the GEM Listing Rules, the Company Secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Training and Support for Directors

All Directors, including the independent non executive Directors, must keep abreast of their collective responsibilities as directors and on the business of the Group. As such, the Group provides a comprehensive and formal induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that new Directors are familiar with the role of the Board, their legal and other duties as directors as well as the business and governance practices of the Company and the Group. Such programme are tailored to each Director taking into account his/her background and expertise. The Company Secretary and the compliance officer of the Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors shall also participate in continuous professional development programme provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. Records of the trainings received by the Directors are kept and updated by the Company Secretary and the compliance officer of the Company.

CORPORATE GOVERNANCE REPORT

Each Director will, upon his/her first appointment and thereafter on a regular basis, disclose to the Company the number and nature of offices held by such Director in public companies and organisations and other significant commitments.

During the Reporting Period, the Directors participated in continuous professional developments in relation to regulatory update, the duties and responsibilities of the Directors and the business of the Group as follows:

Name of Directors	Attendance seminars or briefing/read materials
Executive Directors	
Chan Siu Chung (<i>Chairman</i>)	✓
Cheung Hiu Tung	✓
Zhang Hai Wei	✓
Independent non executive Directors	
Yeung Chun Yue, David	✓
Lai Wing Sze	✓
Yu Wan Ki	✓

The Company had received from Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki the confirmations on taking continuous professional development.

Directors' Securities Transactions

The Company has adopted procedures governing Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the Reporting Period were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee was established during the year ended 31 March 2017. The chairman of the committee is Ms. Lai Wing Sze, an independent non-executive Director. Other members of this committee include Mr. Chan Siu Chung, being an executive Director and Mr. Yeung Chun Yue, David, being an independent non-executive Director.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, making recommendation to the Board on remuneration packages of the Directors and senior management of the Group, as well as reviewing and making recommendation on the Company's share option scheme, bonus structure, provident fund and other compensation related issues. This committee consults with the Chairman on its proposals and recommendations and has access to independent professional advice if necessary. The Remuneration Committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the Remuneration Committee are posted on websites of the Company and of the Stock Exchange. The Remuneration Committee meets at least once a year.

During the Reporting Period, one Remuneration Committee meeting was held with all the members attended.

Nomination Committee

The Nomination Committee was established in 2017. The chairman of the committee is Mr. Chan Siu Chung, the Chairman and an executive Director. Other members of this committee include Mr. Yeung Chun Yue, David and Ms. Lai Wing Sze, all being independent non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company and the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals to be nominated for directorship, assessing the independence of the independent non executive Directors and making recommendations to the Board on the appointment or re appointment of Directors and succession planning for the Directors, in particular the Chairman.

Shareholders may also propose a person for election as Director at the general meetings of the Company pursuant to the articles of association of the Company ("Articles"). The procedures for shareholders to nominate directors are posted on the website of the Company.

The specific terms of reference of the Nomination Committee are posted on the websites of the Company and of the Stock Exchange.

During the Reporting Period, one Nomination Committee meeting was held with all the members attended.

Term of Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, thereafter continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

CORPORATE GOVERNANCE REPORT

Each of the independent non-executive Directors has been appointed for a term of three years unless terminated by one month's notice in writing.

Pursuant to Article 109 of the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Zhang Hai Wei and Mr. Yeung Chun Yue, David will retire from office as Directors at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

Audit and Risk Management Committee and Accountability

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the performance and prospects of the Company and the Group. The Board is also responsible for preparing the accounts of the Company, which shall give a true and fair view of the financial position of the Group on a going concern basis, and other inside information announcements and other financial disclosures. The management of the Group provides all relevant information and records to the Board enabling it to conduct the above assessment and to prepare the accounts and other financial disclosures.

During the Year, the Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance.

The Audit and Risk Management Committee, established in 2017, is chaired by Mr. Yeung Chun Yue, David, an independent non-executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki, all being independent non-executive Directors of the Company.

No existing member of the Audit and Risk Management Committee is a former partner of the existing auditing firm of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the audited financial statements for the Reporting Period.

During the Reporting Period, four Audit and Risk Management Committee meetings were held with all the members attended.

CORPORATE GOVERNANCE REPORT

Directors' responsibility in preparing consolidated financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 31 to 37 of this annual report.

Without qualifying their opinion, the external auditor has included in the independent auditor's report a paragraph in relation to the Group's ability to continue as a going concern. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance Function

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as determining, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Auditors' Remuneration

HLB HODGSON IMPEY CHENG LIMITED is the current external auditors of the Company, the aggregate remuneration in respect of audit services during the Reporting Period was approximately HK\$630,000 (2020: approximately HK\$400,000) and non-audit services during the Reporting Period was approximately HK\$220,000 (2020: approximately HK\$63,000).

Delegation by the Board

The Board is responsible for making decisions in relation to the overall strategic development of the Group's business. All Directors have formal service contracts or letters of appointment setting out key terms and conditions regarding their appointments. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All Board committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

CORPORATE GOVERNANCE REPORT

The Board review, on a yearly basis, all delegations by the Board to different Board committees to ensure that such delegations are appropriate and continue to be beneficial to the Company and its shareholders as a whole.

Shareholder Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The annual general meeting of the Company provides a useful forum for shareholders of the Company to exchange views with the Board. All the Directors make an effort to attend the Company's general meetings so that they may answer any questions from the shareholders.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The relevant circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures and other relevant information.

The Company also communicates with its shareholders through its annual, interim and quarterly reports and by means of announcement and circular if and when necessary. The Directors, the Company Secretary or other appropriate members of the senior management also respond promptly to inquiries from shareholders and potential investors of the Company.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene general meetings

Subject to the Articles of the Company, the GEM Listing Rules and the applicable laws and regulations, shareholders of the Company may convene general meetings of the Company in accordance with the following procedures:

1. Shareholders holding not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition ("Requisitionists") may require the Board to convene a general meeting of the Company by depositing written requisitions at the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong specifying the business to be transacted in such meeting and signed by the Requisitionists. Such meeting shall be held within two months after the deposit of such requisition.
2. If within 21 days of such deposit, the Board fails to proceed to convene the meeting, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Procedures for sending enquiries to the Board

The Company established a shareholders' communication policy which had been uploaded to the Company's website (<http://www.aeso.hk>) and details could be found in the policy.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

Investor relations

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and potential investors. The Company updates shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars. The Company's website (www.aeso.hk) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company regularly meets with analysts and holds interviews with reporters and columnists of the press and other economic journals.

Constitutional documents

During the Reporting Period, there was no significant change in the Memorandum and Articles of the Company.

Dividend Policy

The Company has adopted a dividend policy as at the date of this annual report (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;
- (e) 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 Group;
and
- (f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Island laws and the Company's articles of association.

CORPORATE GOVERNANCE REPORT

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are 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.

The Group has appointed an independent internal control review advisor (“Internal Control Advisor”) to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews for the Report Period; and
- independently perform internal control review and assess effectiveness of the Group’s risk management and internal control systems for the Report Period.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by the Internal Control Advisor to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the Internal Control Advisor as well as the comments of the Audit and Risk Management Committee, the Board considered that the internal control and risk management systems of the Group are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee which oversees risk management and internal audit functions.

CORPORATE GOVERNANCE REPORT

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, operational risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Entry barriers are low to new competitors – Competition has intensified in the fitting out and renovation industry in Hong Kong. New participants could enter the industry if they have the appropriate skills, local experience, necessary machinery and capital and/or are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors or new comers in the submission of tender for construction contracts who are able to offer services of higher quality at lower prices. Increased competition may lead to lower profit margins and loss of market share, and adversely impact the Group's profitability and operating results.
Operational Risks	<p>Quality of outsourcing services may not meet the Group's requirement. The Group generally engages subcontractors to perform most of the site works and is responsible for the work performed by the subcontractors. If the works performed by the subcontractors do not meet the requirements of the project, the Group's operations and financial position may also be adversely affected.</p> <p>There is a risk of subcontracting workers' safety.</p>
Compliance Risks	As a contracting service provider, in order to perform business operation, the Group have to procure the subcontractors to, comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong. In the event that the subcontractors fail to meet the applicable construction, safety, environmental protection laws, regulations and requirements, the Group or the subcontractors may be subject to fines or required to make remedial measures which may in turn have an adverse effect on the operations and financial condition of the Group.

Our Risk Control Mechanism

The risk management activities of the Group are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's systems of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

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

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2021 ("Reporting Period"). All cross-references mentioned in this directors' report form part of this directors' report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are engaging in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 38 of this annual report.

The Board does not recommend the payment of a dividend for the Reporting Period (2020: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement & Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group and the likely future development of the Group can be found in the "Chairman's Statement & Management Discussion and Analysis" section and the "Corporate Governance Report" of this annual report.

Relationships with Employees, Suppliers and subcontractors and Customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's have established good and long-term relationships with major suppliers and subcontractors. Those suppliers from which we source our raw materials are mostly renowned in the industry. Our subcontractors are reliable industrial players which possess extensive experience in their respective fields. During the year, there was no material and significant dispute between the Group and its suppliers/subcontractors.

The Group has been providing contracting services for newly built and existing commercial premises and residential developments in Hong Kong since our incorporation in 2008. For Fitting-out Projects, our clients mainly include property developers and main-contractors which were instructed by property developers to appoint us as the nominated subcontractor. For Renovation Projects, our clients mainly include property developers, landlords, government authority and renowned international and local retail brands. The Group is of the view that through our quality services and close contact with our clients, we would be able to maintain close relationship with our clients with a better understanding of their needs and preferences which allow the Group to provide tailor-made and value-added contracting services to them, and to continuously gain from the stable source of revenue.

DIRECTORS' REPORT

Environmental Policy and Performance

The Group has taken measures on air pollution control, noise pollution control and waste disposal control in its daily operation. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group endeavors to monitor and minimize impact to the environment. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules, an ESG report of the Company will be published within three months after publication of the annual report of the Company.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at the end of the Reporting Period were as follows:

	31 March 2021 HK\$'000	31 March 2020 HK\$'000
Share premium	39,615	40,201
Accumulated losses	(88,694)	(81,597)
	(49,079)	(41,396)

DIRECTORS

The Board comprises the following Directors during the Reporting Period and up to the date of this directors' report:

Executive Directors

Mr. Chan Siu Chung (*Chairman*)
Mr. Zhang Hai Wei
Mr. Cheung Hiu Tung

Independent non-executive Directors

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

DIRECTORS' REPORT

The Company has received from Mr. Yeung Chun Yue David, Ms. Lai Wing Sze and Ms. Yu Wan Ki an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that they as independent.

Notwithstanding any other provisions in the Articles, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. All the such service contracts are continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors is appointed for a term of three years unless terminated by one month's notice in writing. All Directors are subject to the provisions of retirement and rotation of directors under the Articles.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the fulltime employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 March 2021.

NON-COMPETITION DEED BY CONTROLLING SHAREHOLDERS

A deed of non-competition in respect of Mr. Chan Siu Chung, Acropolis Limited, Mr. Liu Chang Kien and W & Q Investment Limited was entered into on 23 December 2016 (the "Non-competition Deed"). The Company had received annual declaration from Mr. Chan Siu Chung and Acropolis Limited on the compliance with the terms of the Non-competition Deed. The independent non-executive Directors have reviewed the compliance with the Non-competition Deed and are satisfied that Mr. Chan Siu Chung and Acropolis Limited have complied with the terms of the Non-competition Deed for the year ended 31 March 2021. Mr. Liu Cheng Kien and W & Q Investment Limited had disposed all the shares of the Company during the year ended 31 March 2020.

DIRECTORS' REPORT

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

As at 31 March 2021, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2021
Chan Siu Chung	Beneficial owner	108,838,709	13.60%
Cheung Hiu Tung – share options	Beneficial owner	2,838,709	0.35%
Zhang Hai Wei – share options	Beneficial owner	2,838,709	0.35%

Mr. Chan held 106,000,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 2,838,709 share options of the Company directly.

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 31 March 2021.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 March 2021, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to section 336 of the SFO.

DIRECTORS' REPORT

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

No connected transaction (including continuing connected transaction) which would be subject to reporting and annual review requirements under Chapter 20 of the GEM Listing Rules was entered into by the Group during the Reporting Period or subsisted as at the end of the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 82.3% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 33.2% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 47.3% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 22.2% of the Group's total purchases.

SHARE OPTION SCHEME

A share option scheme of the Company (the "Share Option Scheme") was adopted in Company's annual general meeting on 30 September 2019.

Details of the options outstanding for the year ended 31 March 2021 are as follows:

Grantees	Date of grant	No. of shares comprised in options					Adjustment on the number of share options upon completion of the Rights Issue	As at 31 March 2021	Exercise price per share
		As at 1 April 2020	Granted	Exercised	Lapsed				
Executive director									
Chan Siu Chung	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
Cheung Hiu Tung	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
Zhang Hai Wei	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
Other employees	15 November 2019	14,000,000	-	-	-	5,870,970	19,870,970	HK\$0.3135	
	Total	20,000,000	-	-	-	8,387,097	28,387,097		

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of Cayman which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined by the remuneration committee of the Board ("Remuneration Committee") on the basis of merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are recommended by the Remuneration Committee and approved by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Provision B.1.5 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, the remuneration of the senior management of the Company for the Reporting Period by band is as follows:

	Number of individuals
Nil to HK\$1,000,000	2
HK\$1,000,000 to HK\$1,500,000	Nil

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in note 11 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

INDEPENDENT AUDITORS

The consolidated financial statements for the Reporting Period have been audited by HLB HODGSON IMPEY CHENG LIMITED shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment as auditors of the Company will be proposed at the forthcoming AGM.

EVENTS AFTER THE REPORTING PERIOD

There is no material event occurred in relation to the Group after the Reporting Period.

On behalf of the Board

Chan Siu Chung

Chairman

Hong Kong, 30 June 2021

INDEPENDENT AUDITORS' REPORT



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

TO THE SHAREHOLDERS OF AESO HOLDING LIMITED

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Aeso Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 101, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS

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

Key audit matter

How our audit addressed the key audit matter

Allowance for expected credit losses assessment of account receivables and contract assets

Refer to notes 3, 4, 17 and 21 to the consolidated financial statements

As at 31 March 2021, the Group had gross account receivables and contract assets of approximately HK\$52,273,000 and HK\$21,804,000 respectively, and provision for allowance for expected credit losses of approximately HK\$9,488,000 and HK\$3,328,000 respectively.

In general, the credit terms granted by the Group to the customers ranged between 0 to 30 days on trade customers of contract works. Management performed periodic assessment on the recoverability of the account receivables and contract assets and the sufficiency of allowance for expected credit losses based on information including credit profile of different customers, ageing of the account receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the allowance for expected credit losses assessment.

We focused on this area due to the allowance for expected credit losses assessment of account receivables and contract assets under the expected credit losses model involved the use of significant management judgements.

Our procedures in relation to management's assessment on allowance for expected credit losses of the account receivables and contract assets including but not limited to:

- Obtained an understanding on the key controls over the impairment assessment on account receivables and contract assets, including but not limited to the management's assessment on the creditworthiness of the counterparties;
- Checked on a sample basis, the ageing profile of the account receivables as at 31 March 2021 to the underlying financial records and post year-end settlements to bank receipts;
- Inquired management for the status of each of the material account receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Assessed the appropriateness of the expected credit losses provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgment in assessing the recoverability of the account receivables and contract assets and the assessment on allowance for expected credit losses to be supportable by available evidence.

INDEPENDENT AUDITORS' REPORT

Key audit matter

How our audit addressed the key audit matter

Revenue recognition for construction contract

Refer to notes 3, 4 and 7 to the consolidated financial statements

The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognises revenue over time in accordance with HKFRS 15 Revenue from contract with customers.

The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).

The uncertainty and subjectivity involved in determining the cost to complete and foreseeable losses may have a significant impact on the revenue and profit of the Group.

Our procedures in relation to revenue recognition from construction projects including but not limited to:

- Obtained an understanding and evaluated the design and implementation of relevant controls relating to revenue recognition for construction contract.
- Assessed the Group's revenue recognition practice to determine that they are in compliance with HKFRS 15 Revenue from contracts with customers, including the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).
- For selected projects, our audit procedures included the following:
 - i. agreed projects contract sum to signed contracts and variation orders;
 - ii. obtained construction contract from management and reviewed for any specific or special performance obligations and conditions during the financial period;
 - iii. assessed the reasonableness of cost incurred against our understanding of the projects;
 - iv. vouched the actual cost incurred during the year to details of supplier invoices and subcontractors to check the validity and accuracy of the costs;
 - v. performed cut-off testing to verify contract costs were taken up in the appropriate financial year;

INDEPENDENT AUDITORS' REPORT

Key audit matter

How our audit addressed the key audit matter

Revenue recognition for construction contract

Refer to notes 3, 4 and 7 to the consolidated financial statements

- vi. assessed and vouched to the estimated cost to complete by substantiating costs that have been committed to quotations and contracts entered;
 - vii. performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management;
 - viii. for projects in progress, we further recomputed the percentage of the progress of the contract based on input method to test the accuracy of the percentage of the progress to determine the revenue;
 - ix. for projects completed during the year, we obtained the certificate of substantial completion and verified that the remaining revenue has been captured;
 - x. compared total contract revenue to actual cost incurred plus estimated cost to complete, and assessed for foreseeable losses;
 - xi. examined the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.
- Assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

We found that the management's judgement in relation to the estimation of revenue from construction contracts to be supportable by available evidence.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

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

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 THE DIRECTORS AND THE AUDIT COMMITTEE 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 HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT

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

The engagement director on the audit resulting in the independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hon Koon Fai, Alex

Practising Certificate number: P05029

Hong Kong, 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Revenue	7	125,049	199,939
Cost of services		(109,220)	(185,390)
Gross profit		15,829	14,549
Other income, gain/(loss), net	8	1,852	60
Change in fair value of financial assets at fair value through profit or loss		268	(425)
Net allowance for expected credit losses		754	(9,233)
Administrative expenses		(22,581)	(28,085)
Finance costs	9	(1,776)	(4,288)
Loss before taxation	10	(5,654)	(27,422)
Taxation	13	–	–
Loss and total comprehensive loss for the year		(5,654)	(27,422)
Loss per share attributable to equity holders of the Company			(restated)
Basic and diluted (HK cents)	14	(1.34)	(12.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment	15	364	312
Right-of-use assets	16	2,991	6,146
		3,355	6,458
Current assets			
Account and other receivables	17	46,711	49,240
Contract assets	21	18,476	17,528
Financial assets at fair value through profit or loss	19	10,103	9,835
Pledged bank deposits	18	1,802	1,802
Bank balances and cash	18	7,843	34,782
		84,935	113,187
Current liabilities			
Account and other payables	20	30,446	63,853
Contract liabilities	21	28,459	19,985
Other borrowings	22	–	36,982
Advances drawn on account receivables factored with recourse	23	–	7,000
Bank borrowings	24	6,959	7,344
Lease liabilities	25	2,568	2,615
		68,432	137,779
Net current assets/(liabilities)		16,503	(24,592)
Total assets less current liabilities		19,858	(18,134)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current liability			
Lease liabilities	25	433	3,001
		433	3,001
Net assets/(liabilities)		19,425	(21,135)
Capital and reserves			
Share capital	26	62,400	15,600
Reserves		(42,975)	(36,735)
Total equity		19,425	(21,135)

The consolidated financial statements were approved and authorised for issued by the board of directors on 30 June 2021 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Cheung Hiu Tung
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital	Share premium	Share option reserve (Note 27)	Other reserve (Note)	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2019	15,600	40,201	-	1,000	(54,696)	2,105
Loss and total comprehensive loss for the year	-	-	-	-	(27,422)	(27,422)
Equity-settled share-based payments	-	-	4,182	-	-	4,182
At 31 March 2020	15,600	40,201	4,182	1,000	(82,118)	(21,135)
Loss and total comprehensive loss for the year	-	-	-	-	(5,654)	(5,654)
Right issue (Note 26)	46,800	1,200	-	-	-	48,000
Transaction cost related to issue shares	-	(1,786)	-	-	-	(1,786)
At 31 March 2021	62,400	39,615	4,182	1,000	(87,772)	19,425

Note:

The other reserve represents the difference between the nominal value of the share capital issued by the Company and the consideration received pursuant to the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
OPERATING ACTIVITIES			
Loss before taxation		(5,654)	(27,422)
Adjustments for:			
Depreciation of property, plant and equipment	15	211	333
Depreciation of right-of-use assets	16	2,960	2,403
Finance costs	9	1,776	4,288
Interest income	8	(40)	(28)
Bank interest income	8	–	(3)
Loss/(gain) on disposal of property, plant and equipment	8	3	(29)
Change in fair value at financial assets at fair value through profit or loss		(268)	425
Equity-settled share-based payment	10	–	4,182
Net allowance for expected credit losses recognised on account receivables	10	(587)	6,793
Net allowance for expected credit losses recognised on contract assets	10	(167)	2,440
Operating cash flows before movements in working capital		(1,766)	(6,618)
Increase in contract assets		(781)	(2,626)
Decrease/(increase) in account and other receivables		3,156	(41,525)
Increase in contract liabilities		8,474	11,315
(Decrease)/increase in account and other payables		(33,407)	36,630
Cash used in operations		(24,324)	(2,824)
Income tax refund		–	3,432
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(24,324)	608
INVESTING ACTIVITIES			
Placement of pledged bank deposits		–	(1,802)
Purchase of property, plant and equipment		(71)	(124)
Proceed from disposal of property, plant and equipment		–	470
Withdrawal of pledged bank deposits		–	28,798
Purchase of financial assets at fair value through profit or loss		–	(10,260)
Interest income received		–	3
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(71)	17,085

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK\$'000	2020 HK\$'000
FINANCING ACTIVITIES		
Proceed from issue of shares, net of issuing expenses	46,214	–
Repayment of factoring account receivables	(51,687)	(19,556)
Repayment of other borrowings	(36,982)	–
Repayment of bank borrowings	(385)	(256)
Interest paid	(1,683)	(4,165)
Advances drawn on factoring account receivables	44,687	26,556
Repayment of lease liabilities	(2,708)	(2,359)
Bank borrowings raised	–	7,600
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(2,544)	7,820
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(26,939)	25,513
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	34,782	9,269
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,843	34,782

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate and immediate parent is Acropolis Limited (incorporated in British Virgin Islands). Its ultimate controlling party is Mr. Chan Siu Chung. The address of the registered office and the principal place of business of the Company are 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The consolidated financial statements is presented in Hong Kong Dollar ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries and all value are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

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

New and amendments to HKFRS that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time which are mandatorily effective in the current year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

New and amendments to HKFRSSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract ²
Amendments to HKFRSS	Annual Improvements to HKFRSS 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all new and amendments to HKFRSSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of consolidated financial statements (continued)

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Government grants

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

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

Revenue recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

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

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

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

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Definition of a lease

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

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

As a lessee

Allocation of consideration to components of a contract

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

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

As a lessee (continued)

Right-of-use assets (continued)

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

As a lessee (continued)

Lease liabilities (continued)

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

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

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

Borrowing costs

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefits (continued)

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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 associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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 Income Taxes 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.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment held for use in the supply of 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.

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

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

Financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is presented as a separate line item.

Impairment of financial assets

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

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

The Group always recognises lifetime ECL for account receivables and contract assets without significant financing component.

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

Significant increase in credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) 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 counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity

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

Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including account and other payables, lease liabilities, other borrowings, advances drawn on account receivables factored with recourse and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition (continued)

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

Related parties transactions

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

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- (b) an entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

(b) an entity is related to the Group if any of the following conditions applies: (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

Segment reporting

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

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

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (continued)

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts. Estimated contract costs, which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Key sources of estimation uncertainty

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

Provision of ECL for account receivables and contract assets

The Group uses provision matrix to calculate ECL for the account receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, account receivables and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Income taxes and deferred taxation

The Group is subjected to income taxes in Hong Kong. Significant judgement is required in determining the provision for income tax. 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.

Impairment of right-of-use assets and property, plant and equipment

Right-of-use assets and property, plant and equipment 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. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 March 2021, the carrying amounts of right-of-use assets and property, plant and equipment amounted to HK\$2,911,000 and HK\$364,000 respectively. No impairment losses were recognised during the year ended 31 March 2021. Details of the right-of-use assets and property, plant and equipment are disclosed in Notes 16 and 15 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure.

The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of net debts, which include bank borrowings (*Note 24*), advances drawn on account receivables factored with recourse (*Note 23*), other borrowings (*Note 22*), lease liabilities (*Note 25*), net of cash and cash equivalents and equity, comprising paid in capital and reserves.

The gearing ratio at the end of the reporting period was as follows:

	2021 HK\$'000	2020 HK\$'000
Total debt	9,960	56,942
Less: Pledged bank deposits	(1,802)	(1,802)
Bank balances and cash	(7,843)	(34,782)
Net debt	315	20,358
Total equity	19,425	(21,135)
Gearing ratio	1.6%	N/A

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Amortised cost (including bank balances and cash)	53,422	75,027
Financial assets at FVTPL	10,103	9,835
	63,525	84,862
Financial liabilities		
Amortised cost	40,406	120,723

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies

The Group's major financial instruments include account and other receivables, financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash, account and other payables, other borrowings, bank borrowings, advance drawn on account receivables factored with recourse and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk and liquidity risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, lease liabilities and other borrowings. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (*Note 18*), variable-rate bank borrowings (*Note 24*) and variable-rate advance drawn on account receivables factored with recourse (*Note 23*). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on pledged bank deposits, bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manage its interest rate exposure by assessing the potential impact arising from any interest rate movements bases on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis of interest rate risk on bank balances and pledged bank deposits is presented as the directors consider the exposure of interest rate risk on bank balances and pledged bank deposits is insignificant.

For sensitivity analysis on interest rates risk for variable-rate advances drawn on account receivables factored with recourse and bank borrowings, the analysis is prepared assuming that the amount of variable-rate financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represent the management's assessment of the reasonable possible change in interest rates of variable-rate financial liabilities as disclosed above. If interest rates on variable-rate financial liabilities as disclosed above had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2021 would increase/decrease by approximately HK\$50,000 (2020: HK\$285,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk is primarily attributable to its account and other receivables, pledged bank deposits, bank balances and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies with simplified approach to provide for ECL presented by HKFRS 9, which permits the use of the lifetime ECL provision for all account receivables and contract assets. To measure the ECL, account receivables and contract assets have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and ECL.

In order to minimise the credit risk, the directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

In determining the recoverability of account receivables, the Group considers any change in the credit quality of the account receivables from the date credit was initially granted up to the end of the reporting period.

The Group is exposed to concentration of credit risk as at 31 March 2021 on account receivables and contract assets from the Group's five major customers amounting to approximately HK\$48,401,000 (2020: HK\$45,296,000) and accounted for 79% (2020: 92%) of the Group's total account receivables and contract assets. The major customers of the Group are reputable organisations. The directors closely monitor the subsequent settlement of the customers. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds, including pledged bank deposits and bank balances, is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for pledged bank deposits and bank balance by reference to information relating to probability of default and loss given default of respective credit rating grades published by external credit rating agencies. Based on the average loss rate, the 12m ECL on pledged bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Account receivables

The following table provides information about the exposure to credit risk and ECL for account receivables at 31 March 2021 and 2020 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK\$8,110,000 (2020: HK\$8,110,000) as at 31 March 2021 were assessed individually.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2020						
ECL rate	3.45%	4.28%	5.11%	–	12.34%	4.92%
Gross carrying amount (HK\$'000)	9,816	20,615	5,890	–	3,589	39,910
Lifetime ECL (HK\$'000)	(339)	(882)	(301)	–	(443)	(1,965)
	9,477	19,733	5,589	–	3,146	37,945
As at 31 March 2021						
ECL rate	2.75%	3.48%	8.33%	9.87%	9.94%	3.12%
Gross carrying amount (HK\$'000)	36,370	6,114	24	780	875	44,163
Lifetime ECL (HK\$'000)	(999)	(213)	(2)	(77)	(87)	(1,378)
	35,371	5,901	22	703	788	42,785

Account receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Account receivables (continued)

During the year ended 31 March 2021, the Group provided approximately HK\$9,488,000 impairment allowance for account receivables based on the provision matrix. Impairment allowance of approximately HK\$8,110,000 were made on debtors with significant balances and credit-impaired debtors.

The following table shows the movement in lifetime ECL that has been recognised for account receivables under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2019	833	2,449	3,282
Transfer to credit-impaired	(5,661)	5,661	–
Impairment losses recognised	6,793	–	6,793
At 31 March 2020 and 1 April 2020	1,965	8,110	10,075
Impairment losses reversed	(587)	–	(587)
At 31 March 2021	1,378	8,110	9,488

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Contract assets

The following table provides information about the exposure to credit risk and ECL for contract assets at 31 March 2021 and 2020 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK\$2,866,000 (2020: HK\$2,866,000) as at 31 March 2021 were assessed individually.

	Within 30 days	31-60 days	61-120 days	121-365 days	Over 365 days	Total
As at 31 March 2020						
ECL rate	2.38%	–	–	–	14.70%	3.46%
Gross carrying amount (HK\$'000)	16,558	–	–	–	1,599	18,157
Lifetime ECL (HK\$'000)	(394)	–	–	–	(235)	(629)
	16,164	–	–	–	1,364	17,528
As at 31 March 2021						
ECL rate	2.43%	2.42%	2.48%	3.09%	–	2.44%
Gross carrying amount (HK\$'000)	16,198	866	1,777	97	–	18,938
Lifetime ECL (HK\$'000)	(394)	(21)	(44)	(3)	–	(462)
	15,804	845	1,733	94	–	18,476

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Contract assets (continued)

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2019	114	941	1,055
Impairment losses recognised	515	1,925	2,440
At 31 March 2020 and 1 April 2020	629	2,866	3,495
Impairment losses reversed	(167)	–	(167)
At 31 March 2021	462	2,866	3,328

Other receivables and deposits

For other receivables and deposits, the management make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2021 and 2020, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance was recognised.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted Average Effective Interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2021							
Account and other payables	-	30,446	-	-	-	30,446	30,446
Bank borrowings	1.42	6,959	-	-	-	6,959	6,959
Lease liabilities	6.54	652	1,955	434	-	3,041	3,001
		38,057	1,955	434	-	40,446	40,406
At 31 March 2020							
Account and other payables	-	40,374	-	-	-	40,374	40,374
Other borrowings	10.59	37,961	-	-	-	37,961	36,982
Advance drawn on account receivables factored with recourse	4.75	7,333	-	-	-	7,333	7,000
Bank borrowings	3.04	7,567	-	-	-	7,567	7,344
Lease liabilities	6.49	698	2,010	2,607	434	5,749	5,616
		93,933	2,010	2,607	434	98,984	97,316

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table summaries the maturity analysis of non-derivative financial liabilities with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such financial liabilities will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis – subject to a repayment on demand clause based on scheduled repayments

	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	More than 5 years HK\$'000	Total undiscounted cash outflows HK\$'000	Carrying amount HK\$'000
At 31 March 2021						
Bank borrowings	483	478	1,401	5,107	7,469	6,959
At 31 March 2020						
Other borrowings	37,961	-	-	-	37,961	36,982
Advance drawn on amount receivables factored with recourse	7,333	-	-	-	7,333	7,000
Bank borrowings	396	396	1,191	5,584	7,567	7,344

6c. Fair value measurements of financial instruments

Inputs to valuation techniques used to measure the Group's financial assets at FVTPL had been categorised as level 2 within the fair value hierarchy which is defined as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

6c. Fair value measurements of financial instruments (continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2021				
Financial assets				
Financial assets at FVTPL	–	10,103	–	10,103
As at 31 March 2020				
Financial assets				
Financial assets at FVTPL	–	9,835	–	9,835

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

Financial assets	2021	2020	Fair value hierarchy	Valuations technique and key input (s)
Financial assets at FVTPL	10,103	9,835	Level 2	Quoted redemption value of insurance company

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

7. REVENUE AND SEGMENT INFORMATION

Revenue

	2021 HK\$'000	2020 HK\$'000
(i) Disaggregation of revenue from contracts with customers		
Fitting-out projects	107,042	156,914
Renovation projects	18,007	43,025
Revenue recognised over time	125,049	199,939

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. REVENUE AND SEGMENT INFORMATION (continued)

(ii) 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 are as follows:

	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Within one year	79,005	3,886	82,891
More than one year but not more than two years	163,430	–	163,430
	242,435	3,886	246,321

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 March 2020 and the expected timing of recognising revenue are as follows:

	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Within one year	51,690	32,749	84,439

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. REVENUE AND SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2021

	Fitting-out Projects HK\$'000	Renovation Projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	107,042	18,007	125,049
Segment profit	13,745	3,410	17,155
Unallocated income			1,280
Change in fair value of financial assets at FVTPL			268
Unallocated expenses			(24,357)
Loss before taxation			(5,654)

For the year ended 31 March 2020

	Fitting-out Projects HK\$'000	Renovation Projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	156,914	43,025	199,939
Segment profit	10,393	4,156	14,549
Unallocated income			60
Change in fair value of financial assets at FVTPL			(425)
Unallocated expenses			(41,606)
Loss before taxation			(27,422)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. REVENUE AND SEGMENT INFORMATION (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit from each segment before taxation without allocation of other income, change in fair value of financial assets at FVTPL, net allowance for ECL, administration expenses and finance costs. This is the measure reported to the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

		2021 HK\$'000	2020 HK\$'000
Customer 1	Fitting-out Projects	N/A	69,954
Customer 2	Fitting-out Projects	26,860	N/A
Customer 3	Fitting-out Projects	41,533	62,998
Customer 4	Fitting-out Projects	15,002	N/A
Customer 5	Renovation Projects	- ¹	20,080
Customer 6	Fitting-out Projects	15,257	- ¹

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

8. OTHER INCOME, GAIN/(LOSS), NET

	2021 HK\$'000	2020 HK\$'000
Bank interest income	-	3
Sundry income	2	-
Interest income	40	28
Government grant (<i>Note</i>)	1,813	-
(Loss)/gain on disposal of property, plant and equipment	(3)	29
	1,852	60

Note:

During the current year, the Group recognised government grant of approximately HK\$1,783,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

9. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on:		
Bank borrowings	146	154
Other borrowings	1,427	3,927
Lease liabilities	93	123
Advances drawn on account receivables factored with recourse	110	84
	1,776	4,288

10. LOSS BEFORE TAXATION

	2021 HK\$'000	2020 HK\$'000
Loss before taxation has been arrived at after charging:		
Directors' emolument (<i>Note 11</i>)	4,008	4,963
Other staff costs:		
Salaries and other allowances	14,055	14,107
Retirement benefits scheme contributions	460	470
Total staff costs	18,523	19,540
Less: amounts included in cost of services	(5,272)	(9,977)
	13,251	9,563
Auditors' remuneration		
– Audit services	630	400
– Non-audit services	220	–
Depreciation of property, plant and equipment (<i>Note 15</i>)	211	333
Depreciation of right-of-use assets (<i>Note 16</i>)	2,960	2,403
Expenses relating to short-term leases	–	1,031
Net allowance for ECL recognised on account receivables	(587)	6,793
Net allowance for ECL recognised on contract assets	(167)	2,440
Equity-settled share-based payment	–	4,182

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable (including emoluments for the services as employees of the group entities prior to becoming directors of the Company) to the directors of the Company during the year for their services rendered to the entities comprising the Group are as follows:

(a) Executive directors

	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payment HK\$'000	Total HK\$'000
Year ended 31 March 2021						
Executive directors						
Mr. Chan	-	2,178	363	18	-	2,559
Mr. Cheung (Note i)	-	821	88	24	-	933
Mr. Zhang Hai Wei ("Mr. Zhang") (Note iii)	-	156	-	-	-	156
Total	-	3,155	451	42	-	3,648
Year ended 31 March 2020						
Executive directors						
Mr. Chan	-	2,178	363	18	483	3,042
Mr. Cheung (Note i)	-	341	87	10	483	921
Mr. Au Siu Kwong ("Mr. Au") (Note ii)	-	59	-	3	-	62
Mr. Zhang Hai Wei ("Mr. Zhang") (Note iii)	-	133	-	-	483	616
Total	-	2,711	450	31	1,449	4,641

Notes:

- (i) Mr. Cheung was appointed on 1 November 2019.
- (ii) Mr. Au was appointed as an executive director of the Company on 12 April 2019 and passed away on 8 October 2019.
- (iii) Mr. Zhang was appointed as an executive director of the Company on 24 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(continued)

(b) Non-executive directors

	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payment HK\$'000	Total HK\$'000
Year ended 31 March 2021						
Non-executive directors						
Mr. Law Wing Kit ("Mr. Law") (Note i)	-	-	-	-	-	-
Year ended 31 March 2020						
Non-executive directors						
Mr. Law Wing Kit ("Mr. Law") (Note i)	-	-	-	-	-	-

Notes:

(i) Mr. Law was resigned on 3 April 2019.

(c) Independent non-executive directors

	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payment HK\$'000	Total HK\$'000
Year ended 31 March 2021						
Independent non-executive directors						
Mr. Yeung Chun Yue David ("Mr. Yeung") (Note ii)	120	-	-	-	-	120
Ms. Lai Wing Sze ("Ms. Lai") (Note iii)	120	-	-	-	-	120
Ms. Yu Wan Ki ("Ms. Yu") (Note iii)	120	-	-	-	-	120
	360	-	-	-	-	360

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(continued)

(c) Independent non-executive directors (continued)

	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payment HK\$'000	Total HK\$'000
Year ended 31 March 2020						
Independent non-executive directors						
Mr. Ko Kwok Fai Dennis ("Mr. Ko") (Note i)	-	-	-	-	-	-
Mr. To Man Choy Jacky ("Mr. To") (Note i)	-	-	-	-	-	-
Ms. Tsang Kwok Shan Sandy ("Ms. Tsang") (Note i)	-	-	-	-	-	-
Mr. Yeung Chun Yue David ("Mr. Yeung") (Note ii)	116	-	-	-	-	116
Ms. Lai Wing Sze ("Ms. Lai") (Note iii)	103	-	-	-	-	103
Ms. Yu Wan Ki ("Ms. Yu") (Note iii)	103	-	-	-	-	103
	322	-	-	-	-	322

Notes:

- (i) Mr. Ko, Mr. To and Ms. Tsang were resigned on 4 April 2019.
- (ii) Mr. Yeung was appointed as independent non-executive director of the Company from 12 April 2019.
- (iii) Ms. Lai and Ms. Yu was appointed as independent non-executive director of the Company from 24 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(continued)

(d) Employees' emoluments

The five highest paid individuals of the Group include two (2020: two) executive directors of the Company during the year. The emoluments of the remaining individuals for the year are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other allowances	1,975	2,084
Discretionary bonus	252	300
Retirement benefit scheme contributions	54	64
	2,281	2,448

The emoluments of the employees were within the following band:

	2021 HK\$'000	2020 HK\$'000
HK\$Nil – HK\$1,000,000	3	3
HK\$1,000,001 – HK\$1,500,000	–	–
	3	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the both years.

12. DIVIDEND

The Board of directors do not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

13. TAXATION

	2021 HK\$'000	2020 HK\$'000
Deferred tax	–	–

No provision for Hong Kong Profit Tax has been made as the Group did not generate any assessable profit arising in Hong Kong for both years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. TAXATION (continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

	2021 HK\$'000	2020 HK\$'000
Loss before taxation	(5,654)	(27,422)
Tax charge at Hong Kong Profits Tax Rate of 16.5%	(933)	(4,524)
Tax effect of expenses not deductible for tax purpose	1,221	2,045
Tax effect of income not taxable for tax purpose	(468)	(316)
Unused tax losses not recognised	180	2,795
Income tax for the year	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK\$44,912,000 (2020: HK\$43,822,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

14. LOSS PER SHARE

	2021 HK\$'000	2020 HK\$'000
Loss:		
Loss for the purpose of calculating basic loss per share	(5,654)	(27,422)
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	423,007,623	223,423,423

The basic and diluted loss per share are the same for the years ended 31 March 2021 and 2020 as the effect of the Group's share option were anti-dilutive. The weighted average number of ordinary shares for the year ended 31 March 2020 has been adjusted and restated for the right issue completed during the year ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Other office equipment HK\$'000	Total HK\$'000
COST						
As at 1 April 2019	2,064	329	1,456	709	339	4,897
Additions	-	-	-	111	13	124
Disposal	-	-	(750)	(63)	-	(813)
As at 31 March 2020 and 1 April 2020	2,064	329	706	757	352	4,208
Additions	-	-	37	31	3	71
Transfer from right-of-use assets	-	-	711	-	-	711
Disposal	-	-	-	(35)	-	(35)
As at 31 March 2021	2,064	329	1,454	753	355	4,955
ACCUMULATED DEPRECIATION						
As at 1 April 2019	1,931	273	1,018	501	212	3,935
Provided for the year	133	56	13	84	47	333
Disposal	-	-	(325)	(47)	-	(372)
As at 31 March 2020 and 1 April 2020	2,064	329	706	538	259	3,896
Provided for the year	-	-	71	92	48	211
Transfer from right-of-use assets	-	-	516	-	-	516
Disposal	-	-	-	(32)	-	(32)
As at 31 March 2021	2,064	329	1,293	598	307	4,591
CARRYING AMOUNT						
As at 31 March 2021	-	-	161	155	48	364
As at 31 March 2020	-	-	-	219	93	312

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	33 $\frac{1}{3}$ %
Motor vehicles	20%
Computer equipment	20%
Other office equipment	20%

16. RIGHT-OF-USE ASSETS

	Motor vehicle HK\$'000	Leased properties HK\$'000	Total HK\$'000
Carrying amount			
At 31 March 2021	–	2,991	2,991
At 31 March 2020	266	5,880	6,146
For the year ended 31 March 2021			
Depreciation charge	71	2,889	2,960
For the year ended 31 March 2020			
Depreciation charge	142	2,261	2,403
		2021 HK\$'000	2020 HK\$'000
Expenses relating to short-term leases		374	1,031
Additions to right-of-use assets (<i>Note (a)</i>)		–	8,141
Total cash outflow of leases (<i>Note (b)</i>)		3,082	3,390

During the current year, the Group leases properties and motor vehicle for self-own use. Lease contracts are entered into for fixed term of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes:

- (a) Amount includes right-of-use assets resulting from new leases entered.
- (b) Amount includes payment of principals and interest portion of lease liabilities and short-term leases. These amounts could be presented in operating or financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

17. ACCOUNT AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Account receivables	52,273	48,020
Less: allowance for ECL	(9,488)	(10,075)
	42,785	37,945
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	2,474	10,245
– Rental and utility deposits	930	442
– Prepayment	460	552
– Other receivables	62	56
	3,926	11,295
Total accounts and other receivables	46,711	49,240

The Group allows an average credit period of 30 days to its customers. The aged analysis of the Group's account receivables, net of ECL, based on invoice date at the end of each reporting period is as follows:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	35,371	9,477
31 – 60 days	5,901	19,733
61 – 120 days	22	5,589
121 – 365 days	703	–
Over 365 days	788	3,146
	42,785	37,945

Details of assessment of ECL are set out in note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2021, the Group had pledged bank deposits of HK\$1,802,000 (2020: HK\$1,802,000) which carried interest at 0.10% per annum. These bank deposits were pledged to secure the factoring facilities granted to the Group.

Bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the years ended 31 March 2021 and 2020.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$'000	2020 HK\$'000
Life insurance policies (<i>Note</i>)	10,103	9,835

Note:

The Group entered into a life insurance policy with an insurance company to insure against the death and permanent disability of a executive director. Under the policy, the beneficiary and policy holder is Aeso Limited, wholly owned subsidiaries of the Company, and the total insured sum is approximately US\$5,000,000 (equivalent to HK\$38,750,000). The contracts will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contracts. The Company has paid out the total insurance premium with an aggregate amount of approximately US\$1,312,076 (equivalent to approximately HK\$10,260,000) at the inception of the policies. The Group may request a surrender of the contracts at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the "Cash Value"). A guaranteed interest rate of 4.25% per annum applied to the contracts for the first year, followed by the discretionary portion with a minimum guaranteed interest rate of 3.85% per annum for the following years until termination. The fair value is based on redemption value quoted by the insurance company.

The financial assets at FVTPL was used for securing the facilities granted to the Group for the years ended 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. ACCOUNT AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Account payables	8,583	27,922
Accruals	2,713	15,407
Advances from sub-contractors (<i>note</i>)	–	72
Deposits received	8,000	8,000
Retention payables	11,150	12,452
	30,446	63,853

Note:

Advances from sub-contractors were unsecured, interest-free and would be utilised to set off progress billings.

The average credit period on account payables is 30 days. The aging analysis of account payables based on invoice date at the end of each reporting period is as follows:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	8,583	24,327
31 – 60 days	–	–
61 – 90 days	–	2,419
Over 90 days	–	1,176
	8,583	27,922

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

21. CONTRACT ASSETS/CONTRACT LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Contract assets:		
Construction services	11,639	5,165
Retention receivables	10,165	15,858
	21,804	21,023
Allowance for ECL	(3,328)	(3,495)
	18,476	17,528
Contract liabilities	28,459	19,985

As at 1 April 2019, contract assets and contract liabilities amounted to HK\$13,461,000 and HK\$8,131,000.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts at the reporting date. The contract assets are transferred to account receivables where the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The expected timing of recovery or settlement for contract assets is as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	16,505	8,730
More than one year	1,971	8,798
	18,476	17,528

Contract assets and contract liabilities which are expected to be recovered/settled within Group's normal operating cycle, are classified as current assets and current liabilities respectively.

Revenue recognised during the year ended 31 March 2021 that was included in contract liabilities at the beginning of the year amounted to HK\$19,985,000 (2020: HK\$801,000)

Details of assessment of ECL are set out in note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

22. OTHER BORROWINGS

The fixed-rate other borrowings are repayable as follows:

	2021 HK\$'000	2020 HK\$'000
Carrying amount of other borrowings that are repayable within one year and/or contain a repayment on demand clause	–	36,982
Amounts due within twelve months shown under current liabilities	–	36,982

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's other borrowings were as follows:

	2021	2020
Effective interest rate: Other borrowings	N/A	10.00%-20.00%

23. ADVANCES DRAWN ON ACCOUNT RECEIVABLES FACTORED WITH RECOURSE

The variable-rate advances drawn on account receivables factored with recourse carry interest at certain basis points over Hong Kong Interbank Offered Rate ("HIBOR") quoted by a bank in Hong Kong, which contain a repayment on demand clause.

As at 31 March 2020, the Group's account receivables factored with recourse were secured by certain assets held by spouse of Mr. Chan.

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's account receivables factored with recourse were as follows:

	2021	2020
Effective interest rate	N/A	4.75%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

24. BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

	2021 HK\$'000	2020 HK\$'000
Carrying amount of bank borrowings that are contain a repayment on demand clause	6,959	7,344
Amounts due within twelve months shown under current liabilities	6,959	7,344

For the year ended 31 March 2021, the Group's bank borrowings were secured by personally guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at FVTPL (Note 19) and the pledged bank deposits held by the Group (Note 18).

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings were as follows:

	2021	2020
Effective interest rate	1.42%	3.04%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

25. LEASE LIABILITIES

The Group entered into lease arrangements with independent third parties in relation to certain properties and motor vehicles. The lease terms ranged are 3 years (2020: 3 to 4 years). The weighted average incremental borrowing rates applied to lease liabilities was 6.54% and ranged from 3.25% to 6.54% per annum as at 31 March 2021 and 2020, respectively.

	Minimum lease payments		Present value of minimum lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	2,607	2,708	2,568	2,615
Within a period of more than one year but not exceeding two years	434	2,607	433	2,568
Within a period of more than two years but not exceeding five years	–	434	–	433
	3,041	5,749	3,001	5,616
Less: Future finance charge	(40)	(133)	–	–
Present value of lease obligation	3,001	5,616	3,001	5,616
Less: Amount due for settlement within twelve months shown under current liabilities			(2,568)	(2,615)
Amount due for settlement after twelve months shown under non-current liabilities			433	3,001

The leases liabilities amount to approximately HK\$101,000 are secured by the lessor's charge over the leased assets as at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

26. SHARE CAPITAL

The share capital of the Group as represents the share capital of the Company and details are disclosed as follows:

	Number of shares	Par value US\$	Amount US\$
Authorised:			
At 1 April 2019, 31 March 2020 and 1 April 2020	500,000,000	0.01	5,000,000
Increase in authorised share capital (<i>Note (a)</i>)	1,500,000,000	0.01	150,000,000
<hr/>			
At 31 March 2021	2,000,000,000	0.01	200,000,000
Issued and fully paid:			
At 1 April 2019, 31 March 2020 and 1 April 2020	200,000,000	0.01	2,000,000
Right issue (<i>Note (b)</i>)	600,000,000	0.01	6,000,000
<hr/>			
At 31 March 2021	800,000,000	0.01	8,000,000
<hr/>			
Shown in the consolidated financial position as at 31 March 2021 (in HK\$'000)			<hr/> 62,400
<hr/>			
Shown in the consolidated financial position as at 31 March 2020 (in HK\$'000)			<hr/> 15,600

Notes:

- (a) Pursuant to the ordinary resolutions passed on 12 October 2020, the total authorised share capital of the Company was increased from US\$5,000,000 divided into 500,000,000 ordinary shares of par value US\$0.01 each to US\$200,000,000 by the creation of additional 1,500,000,000 ordinary shares of par value US\$0.01 each.
- (b) On 25 November 2020, the Company issued and allotted 600,000,000 ordinary shares of par value US\$0.01 each to qualifying shareholders pursuant to the rights issue on the basis of three rights share for every one existing shares held by the qualifying shareholders on 25 November 2020 at the subscription price of US\$0.01 per rights share ("Rights Issue"), and raised gross proceeds of approximately HK\$48,000,000, of which approximately HK\$46,800,000 was credited to share capital and the balance of approximately HK\$1,200,000 (before share issuance expenses) was credited to the share premium account of the Company.

Share issuance expenses mainly include share underwriting commission, lawyers' fees and other related costs associated with the Rights Issue. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately HK\$1,786,000 was treated as a deduction against the share premium account arising from the Rights Issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. SHARE OPTION

The company has a share option scheme which was adopted on 30 September 2019 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for ordinary shares of the company. The purpose of the scheme is to enable the Company to grant options to selected Eligible Participants as incentives or rewards for their contribution to the Company and/or the subsidiaries and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group. The share option scheme shall be valid and effective for a period of three years ending on 14 November 2022, after which no further options will be granted.

The exercise price of options is the highest of the nominal value of the shares (if any), the closing price of the shares on The Stock Exchange of Hong Kong Limited on the date of grant and the average closing price of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

The total number of securities available for issue under the share option scheme as at 31 March 2020 was 20,000,000 shares which have been granted but not yet lapsed or exercised and which represented 10% of the ordinary shares of the company in issue at 31 March 2020. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the company's ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. SHARE OPTION (continued)

Details of the movements of the share options granted by the Company pursuant to the share option scheme from the date of grant are as below:

2020

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	No. of options outstanding at the end of the year	Exercise price per share (HK\$)
Directors								
Chan Siu Chung	15 November 2019	15 November 2019 to 14 November 2022	-	2,000,000	-	-	2,000,000	0.445
Cheung Hiu Tung	15 November 2019	15 November 2019 to 14 November 2022	-	2,000,000	-	-	2,000,000	0.445
Zhang Hai Wei	15 November 2019	15 November 2019 to 14 November 2022	-	2,000,000	-	-	2,000,000	0.445
Employees	15 November 2019	15 November 2019 to 14 November 2022	-	14,000,000	-	-	14,000,000	0.445
Total				20,000,000	-	-	20,000,000	0.445

2021

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Adjustments due to right issue during the year (Note (iii))	Granted during the year	Exercised during the year	Lapsed during the year	No. of options outstanding at the end of the year	Exercise price per share (HK\$)	Adjusted exercise price per share (HK\$) (Note (iii))
Directors										
Chan Siu Chung	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	-	-	-	2,838,709	0.445	0.3135
Cheung Hiu Tung	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	-	-	-	2,838,709	0.445	0.3135
Zhang Hai Wei	15 November 2019	15 November 2019 to 14 November 2022	2,000,000	838,709	-	-	-	2,838,709	0.445	0.3135
Employees	15 November 2019	15 November 2019 to 14 November 2022	14,000,000	5,870,970	-	-	-	19,870,000	0.445	0.3135
Total			20,000,000	8,387,097	-	-	-	28,387,097	0.445	0.3135

Notes:

- (i) The Group recognised the total expense of HK\$4,182,000 for the year ended 31 March 2020 in relation to the share options granted to the directors and employees of the Company.
- (ii) During the years ended 31 March 2021 and 2020, no share option was cancelled, exercised or lapsed.
- (iii) Adjustments are made for right issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. SHARE OPTION (continued)

The fair value of share options were calculated using the Binomial Model. The inputs into the model were as follows:

	15 November 2019
Grant date share price	HK\$0.395
Exercise price	HK\$0.445
Expected volatility	129.95%
Expected life	3 years
Risk-free rate	1.68%
Expected dividend yield	0%

28. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

29. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amount of the asset pledged by the Group to a bank in order to secure a factoring facility granted by a bank to the Group was as follows:

	2021 HK\$'000	2020 HK\$'000
Financial assets at FVTPL	10,103	9,835
Pledged bank deposits	1,802	1,802
	11,905	11,637

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

30. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group has following material related party transactions during the year:

a) Compensation of key management personnel

The directors are identified as the key management personnel of the Company, and their compensations during the year is set out in Note 11.

b) As at 31 March 2021 and 2020, bank borrowings (*Note 24*) and surety bond (*Note 32*) were secured by personal guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at FVTPL and pledged bank deposits held by the Group.

c) As at 31 March 2020, the advances drawn on account receivables factored with recourse (*Note 23*) were secured by certain asset held by spouse of Mr. Chan.

31. 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 flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bank borrowings HK\$'000	Other borrowings HK\$'000	Lease liabilities HK\$'000	Advances drawn on account receivables factored with recourse HK\$'000	Total HK\$'000
At 1 April 2019	–	36,982	282	–	37,264
Accrued interest	154	3,927	123	84	4,288
Interest paid	(154)	(3,927)	–	(84)	(4,165)
Addition of lease liabilities	–	–	7,570	–	7,570
Financing cash outflows	(256)	–	(2,359)	(19,556)	(22,171)
Financing cash inflows	7,600	–	–	26,556	34,156
At 31 March 2020 and 1 April 2020	7,344	36,982	5,616	7,000	56,942
Accrued interest	146	1,427	93	110	1,776
Interest paid	(146)	(1,427)	–	(110)	(1,683)
Financing cash outflows	(385)	(36,982)	(2,708)	(51,687)	(91,762)
Financing cash inflows	–	–	–	44,687	44,687
At 31 March 2021	6,959	–	3,001	–	9,960

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

32. SURETY BOND AND CONTINGENT LIABILITY

A customer of construction contract undertaken by the Group requires a group entity to issue guarantee for performance of contract works in the form of surety bond. The Group provided a counter-indemnity to an insurance company that issued such surety bond. As at 31 March 2021, deposit placed for surety bond was approximately HK\$1,802,000 (2020: HK\$1,802,000) (*Note 18*). The security bond also secured by personal guarantee of Mr. Chan, certain asset held by Mr. Chan and financial asset at FVTPL held by the Group.

As at 31 March 2021 and 2020, the amount of surety bond provided by the Group was HK\$2,128,000 and HK\$3,435,000 respectively. The unutilised amount was HK\$7,872,000 as at 31 March 2021 (2020: HK\$6,565,000).

33. PARTICULARS OF SUBSIDIARIES

The following is a list of the subsidiaries which, in the opinion of the Directors, principally affected the results of the Group for the years ended 31 March 2021 and 2020 or formed a substantial portion of the net assets of the Group.

Name of Companies	Place of establishment	Paid up registered capital	Equity interest attributable to the Group As at 31 March		Principal activity
			2021	2020	
Aeschylus Limited	BVI	US\$1	100%	100%	Investment holding
Aeso Limited	Hong Kong	HK\$1,000,000	100%	100%	Premise enhancement solution service in Hong Kong by providing contracting service (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2021 HK\$'000	2020 HK\$'000
Current assets		
Other receivables and prepayments	352	338
Amount due from a subsidiary (<i>Note</i>)	12,845	19,931
Bank balances and cash	679	134
	13,876	20,403
Current liabilities		
Accruals and other payables	1,260	12,100
Other borrowings	–	34,804
	1,260	46,904
Net current assets/(liabilities)	12,616	(26,501)
Net assets/(liabilities)	12,616	(26,501)
Capital and reserves		
Share capital	62,400	15,600
Reserves	(49,784)	(42,101)
Total equity	12,616	(26,501)

Note: Amount due from a subsidiary is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(c) Reserves of the Company

The following table shows the movements of the reserves of the Company:

	Share premium HK\$'000	Accumulated losses HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000 (Note)	Total HK\$'000
At 31 March 2019	40,201	(67,713)	–	(4,887)	(32,399)
Loss for the year	–	(13,884)	–	–	(13,884)
Equity-settled share-based payments	–	–	4,182	–	4,182
At 31 March 2020 and 1 April 2020	40,201	(81,597)	4,182	(4,887)	(42,101)
Loss for the year	–	(7,097)	–	–	(7,097)
Right issue (Note 26)	1,200	–	–	–	1,200
Transaction cost related to issue shares	(1,786)	–	–	–	(1,786)
At 31 March 2021	39,615	(88,694)	4,182	(4,887)	(49,784)

Note:

Other reserve represents the fair value adjustment of non-current interest-free amount due from a subsidiary recognised at initial recognition.

35. COMPARATIVE INFORMATION

Certain comparative figures have been adjusted on the assumption that the right issue had been effective in the prior period and reclassified to conform with the current year's presentation.

36. AUTHORISATION OF ISSUE OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement were approved and authorised for issue by the Board of Directors on 30 June 2021.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

	2021 HK\$'000	For the year ended 31 March			
		2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
CONSOLIDATED RESULTS					
Revenue	125,049	199,939	88,913	96,306	114,685
Loss before taxation	(5,654)	(27,422)	(12,496)	(35,300)	(25,794)
Taxation	–	–	57	55	(945)
Loss for the year	(5,654)	(27,422)	(12,439)	(35,245)	(26,739)
Total comprehensive loss for the year attributable to equity holders of the Company	(5,654)	(27,422)	(12,439)	(35,245)	(26,739)

	2021 HK\$'000	For the year ended 31 March			
		2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	88,290	119,645	75,262	72,680	85,262
Total liabilities	(68,865)	(140,780)	(73,157)	(55,484)	(32,821)
Net assets/(liabilities)	19,425	(21,135)	2,105	17,196	52,441