Century Group International Holdings Limited

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(incorporated in the Cayman Islands with limited liability)

Stock Code: 2113

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Wang Feng *(Chairman)*
Mr. Ip Wai Sing

Independent Non-executive Directors
Mr. Law Ka Ming Michael
Mr. Tang Chi Wai
Mr. Chung Man Lai

AUDIT COMMITTEE

Mr. Tang Chi Wai *(Chairman)*
Mr. Law Ka Ming Michael
Mr. Chung Man Lai

NOMINATION COMMITTEE

Mr. Chung Man Lai *(Chairman)*
Mr. Law Ka Ming Michael
Mr. Tang Chi Wai

REMUNERATION COMMITTEE

Mr. Law Ka Ming Michael *(Chairman)*
Mr. Chung Man Lai
Mr. Tang Chi Wai

COMPANY SECRETARY

Mr. Lee Cheuk Man

AUTHORISED REPRESENTATIVES

Mr. Ip Wai Sing
Mr. Lee Cheuk Man

PLACE OF BUSINESS IN CHINA

Century Group Building,
Xushu Village,
Gucheng Jiedao,
Linhai, Taizhou, Zhejiang Province,
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office D, 16/F
Kings Wing Plaza 1
No. 3 On Kwan Street
Shek Mun
New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

Shanghai Commercial Bank Ltd.

AUDITOR

Clement C.W. Chan & Co
3rd & 5th Floors, Heng Shan Center,
145 Queen's Road East, Wan Chai, Hong Kong

COMPANY'S WEBSITE

www.cherishholdings.com

STOCK CODE

2113

FINANCIAL HIGHLIGHTS

	Year ended March 31				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**247,530**	251,760	142,852	192,341	266,167
Cost of sales and services	**(275,984)**	(243,868)	(217,318)	(168,894)	(216,346)
Gross (loss) profit	**(28,454)**	7,892	(74,466)	23,447	49,821
Impairment losses under expected loss model, net of reversal	**267**	(754)	–	–	–
Other income, other gains and losses	**8,833**	1,421	478	1,062	419
Administrative expenses	**(13,926)**	(17,485)	(14,167)	(13,252)	(22,739)
Finance costs	**(46)**	(1,042)	(661)	(326)	(356)
(Loss) Profit before taxation	**(33,326)**	(9,968)	(88,816)	10,931	27,145
Taxation	**1,464**	1,823	1,924	(2,217)	(7,399)
(Loss) Profit for the year	**(31,862)**	(8,145)	(86,892)	8,714	19,746

	As at March 31				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Non-current assets					
Plant and equipment	**2,516**	12,820	25,493	51,166	29,958
Equity instruments at fair value through other comprehensive income	**–**	–	–*	–	–
Deposits paid for purchase of plant and equipment	**–**	–	–	–	1,177
Right-of-use assets	**1,086**	471	–	–	–
Goodwill	**–**	2	–	–	–
Restricted bank balances	**–**	–	15,293	7,627	–
	3,602	13,293	40,786	58,793	31,135
Current assets					
Inventories	**–**	28	–	–	–
Amount due from customers for contract work	**–**	–	–	75,974	43,184
Trade and other receivables, deposits and prepayments	**21,828**	7,450	16,850	37,937	24,346
Contract assets	**61,927**	56,475	43,523	–	–
Tax recoverable	**–**	–	–	4,334	–
Restricted bank balances	**15,618**	15,455	–	–	2,571
Bank balances and cash	**7,818**	27,579	12,997	31,089	98,165
	107,191	106,987	73,370	149,334	168,266
Assets classified as held for sale	**478**	–	–	–	–
	107,669	106,987	73,370	149,334	168,266
Current liabilities					
Amounts due to customers for contract work	**–**	–	–	–	2,583
Amount due to a shareholder	**1,500**	–	–	–	–
Trade and other payables	**42,078**	40,517	32,481	29,859	25,516
Amounts due to a director of a subsidiary	**17,000**	–	350	–	–
Provisions	**2,572**	–	–	–	–
Contract liabilities	**1,115**	–	–	–	–
Lease liabilities	**654**	442	–	4,361	5,170
Tax payable	**–**	–	–	–	2,061
	64,919	40,959	32,831	34,220	35,330
Net current assets	**42,750**	66,028	40,539	115,114	132,936
Total assets less current liabilities	**46,352**	79,321	81,325	173,907	164,071
Non-current liabilities					
Lease liabilities	**405**	38	–	3,766	5,101
Deferred tax liability	**180**	1,659	3,485	5,409	2,952
	585	1,697	3,485	9,175	8,053
Net assets	**45,767**	77,624	77,840	164,732	156,018
Capital and reserves					
Share capital	**8,048**	8,048	7,678	7,678	7,678
Reserves	**37,719**	69,576	70,162	157,054	148,340
Equity attributable to owners of the Company	**45,767**	77,624	77,840	164,732	156,018
Non-controlling interests	**–**	–*	–	–	–
Total equity	**45,767**	77,624	77,840	164,732	156,018

* Less than HK$1,000

CHAIRMAN'S STATEMENT

Dear shareholders,

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

FINANCIAL REVIEW

With more than 19 years of experience as a subcontractor providing site formation works in Hong Kong, the Group always maintains its professional technical standards to undertake site formations works such as general earthworks, tunnel excavation works, foundation works, as well as road and drainage works. It is expected that the Group would be aligned with the optimistic development of the industry.

In view of fluctuating performance of the construction business and potential business opportunities in the PRC, the Group continues the business of trading of Liquefied Natural Gas ("LNG") in the PRC in the year. However, the Novel Coronavirus Disease 2019 ("COVID-19" or "pandemic") seriously affects the economics of PRC and consumption of energy. Therefore, our LNG business and some plans for the development of other business in PRC are seriously affected for the year under review.

For the Reporting Period, the revenue of the Group was HK$247.5 million, a decrease by approximately HK$4.3 million or 1.7% as compared to the last year (2020: HK$251.8 million). Of the revenue achieved for the year, there is about HK$56.4 million relating to trading of LNG business in PRC in the year (2020: HK$0.3 million). The increase is due to our inclusion of full year results of LNG business as compared to only about 10 days in the last year. For Hong Kong business, the revenue was HK$188.1 million, a decrease by approximately HK$63.3 million or 25.2% as compared to the last year (2020: HK$251.4 million). The decrease is mainly due to the outbreak of the pandemic, which led to some workers in our main Hong Kong project, "Lam Tin Project", got infected in early 2021. Therefore, we are forced to suspend the whole Lam Tin Project for two months during the year.

HONG KONG PROJECTS

For the Reporting Period, the Group was awarded 10 new projects (2020: 5 new projects) together with 7 prior years' projects (2020: 5 projects) brought forward which recorded the turnover of approximately HK$188.1 million (2020: HK$251.4 million).

Apart from the substantial decrease by HK$63.3 million or 25.2% in the Hong Kong project revenue, the Group recorded a turnaround to gross loss of HK$30.9 million or gross loss ratio of about 16.4% (2020: gross profit of HK$7.9 million or gross profit margin of 3.1%) It was due to the outbreak of pandemic as mentioned above which infected some workers in our main project, "Lam Tin Project", for the year. We needed to suspend the project from January to March 2021, which led to the Group's loss of not less than HK$10 million turnover for the year. But the Group still needed to pay for those fixed costs such as wages, rental, etc and book the depreciation charge.

PRC BUSINESS

The performance of trading LNG business in PRC does not meet our expectation. The reason is that the pandemic slowed the economy and the market demand for energy consumption in PRC. For the Reporting year, the revenue for trading of LNG in China for a full year was HK$56.4 million with net profit of HK$0.58 million or 1.02%.

CHAIRMAN'S STATEMENT

IMPACT OF COVID-19 PANDEMIC

Since the outbreak of the COVID-19 in early 2020, the Group has demonstrated its own corporate responsibility by putting the health and safety of its employees, business partners, and the entire community as its top priority. Apart from proactively implementing public health measures recommended by the local health authorities, the Group has also kept abreast of the latest developments in regard to the pandemic.

Hong Kong is the core market of the Group with the employment of most employees. To protect the health and safety of all employees in offices, the Group has adopted a host of preventive measures to reduce the risk of the virus spreading within the community. Our policy states that our office floor or project sites will be closed immediately for thorough cleaning and disinfection if there is any employee or business partners' workers tested positive for COVID-19 ("infected person"). The infected person who has been in close contact is required to undergo compulsory quarantine for 14 days as well as COVID-19 tests. All employees in Hong Kong office have to wear masks, clean and sanitize their hands regularly.

PROSPECTS

Looking forward to financial year 2021, the uncertainties of the operating environment will be more serious than before. Despite there are many opportunities in the construction industry in Hong Kong, competition in the industry is fierce. However, by expanding the capacity of our own machinery and specializing in technical expertise especially in foundation works, the Group will keep on improving the effectiveness and project management skills of our site formation works. We believe that with our outstanding track record in the market, experienced and professional management team, established relationship with the customers and suppliers as well as our commitment to maintaining high safety and working standard, the Group is well-positioned to actively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders.

In addition, we will continue to evaluate the effectiveness of our trading of LNG business in China. The management will respond quickly to any challenges and uncertainties of the environment.

APPRECIATION

Last but not least, I would like to express my sincere gratitude to our valuable shareholders, business partners and customers for their trust and support. And also I would like to extend my heartfelt thanks to our directors, management team and staff for their tireless endeavor and contributions under the fierce market situation, and continue to bring the Group forward to attain better results.

Wang Feng
Chairman of the Board
Hong Kong, 29 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 19 years of experience in providing site formation works as a subcontractor in Hong Kong. The site formation works undertaken by the Group generally include (a) general earthworks (including soil and rock excavation, disposal of construction and demolition materials, backfilling and compaction for forming a new site or achieving designed formation level for later development); (b) tunnel excavation works (including rock excavation works for construction of tunnels through drill and break and/or drill and blast methods as well as construction of associated temporary tunnel support structures); (c) foundation works (including excavation and lateral support works (the "ELS") and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works. During the year, in order to diversify the business risk, the Group continues its trading of LNG business in China. For the Reporting Period, the revenue for trading of LNG in China for the year was HK$56.4 million (2020: HK$0.3 million). The increase was due to inclusion of full year results of trading of LNG business as compared to about 10 days in the last year.

As at 31 March 2021, there were 8 (2020: 7) projects on hand with total contract sum amounting to approximately HK$623.6 million (2020: HK$493.9 million). Most of the 8 projects are short term and small in size. For the Reporting Period, there were 9 (2020: 3) projects of total contract sum amounting to approximately HK$175.1 (2020: HK$60.9) million, completed and contributed a turnover of HK$78.4 (2020: HK$61.1) million to the Group.

During the Reporting Period, the Group was awarded 10 projects (2020: 5) relating to site formation, road and drainage works and marine works project mainly in Island District and Sai Kung District with total contract sum of approximately HK$294.6 million (2020: HK$146.6 million). Four of the ten projects were already completed in the year contributing a turnover of HK$11.9 million. The remaining six projects with total contract sum of approximately HK$270.8 million form part of the 8 projects on hand at 31 March 2021. Approximately HK$33.9 million was recognised as revenue from these six projects during the Reporting Period. As at 31 March 2021, the eight projects together with related variation orders on hand are in progress and HK$388.7 million (including HK$33.9 million from the six projects awarded during the year) has been recognised as revenue up to 31 March 2021.

Set out below is a list of projects completed during the Reporting Period and those projects which are still in progress at 31 March 2021:

Site Location	Type of Work	Status	Contract Sum (HK$'Million)
Islands District	Airport road diversion and reinstatement of footpath	Completed	13.6
Islands District	Earthworks, excavation and lateral support works (the "ELS") and breaking off pile heads	Completed	13.6
Kwun Tong District	Site formation works	In progress	310.0
Southern District	Site formation, ELS and slope stabilisation works	Completed	60.4
Islands District	Drainage and duct works	Completed	2.3
Shatin District	Site clearance, demolition work and earthwork	In progress	42.7
Islands District	Road and drainage works	Completed	61.4
Islands District	Road and drainage works*	In progress	62.1
Islands District	Road and drainage works*	In progress	47.9
Sai Kung District	Temporary road diversion works*	Completed	4.9
Kowloon City District	Desilting works*	Completed	5.4
Southern District	Excavation works*	Completed	3.4
Southern District	Underground drainage works*	Completed	10.1
Islands District	Minor works*	In progress	0.2
Islands District	Foundation works*	In progress	45.8
Islands District	Awe sewer works*	In progress	1.8
Sai Kung District	ELS and shoring works*	In progress	113.1

* Newly awarded in the period under review

PROSPECTS

2021 will be full of opportunities and challenges. With the pandemic anticipated to continue raging globally, many countries have implemented various public health measures and entry-exit restrictions, which have had a large impact on our market and many industries. Besides the construction companies would strictly control their budgets and might thereby delay or cut down their planned projects in Hong Kong. If any workers in a site is infected by the pandemic, we would respond to suspend that site immediately. This business interruption cannot be avoided and loss sustained by such interruption cannot be budgeted.

For Hong Kong business, the planned commitment in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that may occur during project implementation continue to be threats that likely affect the Group's profit as a subcontractor. For China business, the Group will continue to assess and explore any other business opportunities.

Looking forward, the Group will continue to run Hong Kong and China business. The Group will continue to develop business of undertaking site formation works in Hong Kong and at the same time the Group will carefully evaluate each project and control the Group's overall costs to a reasonable level. Further, the Group will try to increase the volume of China business as mentioned above and the Group will actively seek any other potential business opportunities in Hong Kong and China that will broaden the sources of income and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was amounted to approximately HK$247.5 million (2020: approximately HK$251.8 million), representing a decrease of approximately HK$4.3 million or 1.7% from the previous year. The decrease was mainly attributable to the suspension of the Lam Tin Project for two months in early 2021 due to some workers from the site got infected by the pandemic. Further, the performance of trading of LNG business in China was below our expectation which only contributed to approximately HK$56.4 million to the Group's revenue.

During the Reporting Period, the revenue of the Group was mainly contributed by 16 projects, whereas revenue of the Group for last year ended 31 March 2020 was contributed by 13 projects. During the year, the Group was awarded 10 projects with total contract sum of approximately HK$294.6 million whereas in contrast the Group was awarded five projects with total contract sum of approximately HK$146.6 million in last year.

Gross loss and gross loss ratio

For the Reporting Period, the Group sustained a total gross loss was approximately HK$28.5 million, and there is a turnaround from a gross profit of approximately HK$7.9 million for the year ended 31 March 2020. Besides there was an increase in the number of projects as compared with that in 2020, the average contract sum per contract is smaller than those projects in last year. The management continued to execute a tight control on cost, quality of work and the time to completion of projects. Further, there was an increase in project costs due to delay in work progress attributable to the impact of the pandemic.

Other revenue

The other revenue of the Group achieved in the Reporting Period amounted to approximately HK$11.4 million, representing an increase of approximately 702% compared with approximately HK$1.4 million for the year ended 31 March 2020. The increase is mainly due to subsidies from the Employment Support Scheme of the Government of HK$7.6 million and an increase of HK$1.8 million to HK$2.5 million on gain on disposal of fixed assets for the year (2020: HK$0.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK$13.9 million, representing a decrease of approximately 20% compared with approximately HK$17.5 million for the year ended 31 March 2020. Such decrease was in line with the decrease in revenue of the year.

Loss and total comprehensive expense for the year

Loss and total comprehensive expense for the year of the Group amounted to approximately HK$31.8 million (2020: HK$8.1 million). The increase in loss amounted to approximately HK$23.7 million or 290% was mainly attributable to decrease in revenue and increase in the cost of sales mainly caused by the suspension of the Lam Tin Project as mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 March 2021, the Group had bank balances of approximately HK$7.8million (2020: approximately HK$27.6 million). The decrease was in line with the decrease in revenue. The Group did not have interest-bearing debts as at 31 March 2021 (2020: nil).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 31 March 2021 was nil (2020: nil).

PLEDGE OF ASSETS

There was no material charge on the Group's assets as at 31 March 2021 and 2020.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. For the Reporting Period, the Group traded LNG and construction materials business in China. The volume of China business is HK$59.4 million or 24% to total revenue. The Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group employed 207 staff (2020: 211staff). On average, the Group employed 203 staff during the year (2020: 167 staff).Total staff costs including directors' emoluments for the year, amounted to approximately HK$77.2 million (2020: approximately HK$70 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

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

CAPITAL STRUCTURE

During the Reporting Period, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. As at 31 March 2021, the Company's issued share capital was HK$8.0 million (2020: HK$8 million).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not hold any significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

SEGMENTAL INFORMATION

An analysis of the performance of the Group for the year by business segments is set out in note 7 to the consolidated financial statements of this report.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any capital commitments (31 March 2020: Nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

Change of Directors

With effect from 14 May 2020,

Change of independent non-executive Directors and compositions of Board committees:

a) Mr. Cheung Wai Lun Jacky ("Mr. Cheung") has resigned from his position as the independent non-executive Director, and has ceased to act as the member of Audit Committee, member of Nomination Committee, and chairman of Remuneration Committee;

b) Mr. Law Ka Ming Michael ("Mr. Law") has been appointed as an independent non-executive Director, and he has been appointed as the member of Audit Committee, member of Nomination Committee, and chairman of Remuneration Committee.

Change of Company Secretary and authorized representative

With effect from 28 May 2021, Mr. Lo Wing Sang ("Mr. Lo") resigned as the company secretary of the Company (the "Company Secretary") and ceased to act as an authorized representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and an authorized representative of the Company for accepting service of process or notices in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "Authorized Representative"). Following the resignation of Mr. Lo, Mr. Lee Cheuk Man ("Mr. Lee") was appointed as the Company Secretary and Authorized Representative in place of Mr. Lo.

Mr. Lee is not an employee of the Group and Mr. Ip Wai Sing, the executive Director, is the person whom Mr. Lee can contact for the purpose of code provision F.1.1 of the Code.

During the Reporting Period, Mr. Lo has undertaken not less than 15 hours of relevant professional training in accordance with the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Feng ("Mr. Wang"), aged 43, has over 22 years' working experiences and he obtained a bachelor's degree in law from Xiamen University in June 1998. Prior to joining to the Group, Mr. Wang has worked in various sectors including the corporate finance, management and information technology related sectors. Mr. Wang is currently the director of POLY-GCL Petroleum (Linhai) Limited Company* (保利協鑫石油天然氣（臨海）有限公司). Mr. Wang has also been the sole director and a shareholder of D' Legem Group Limited (杰豹集團有限公司) ("D' Legem Group"), a substantial shareholder of the Company.

Mr. Ip Wai Sing ("Mr. Ip"), aged 53, has over 26 years of experience in corporate finance, management and accounting. Prior to joining the Group, he worked in reputable international accounting firm for over 10 years. He is currently the chief executive officer of D' Legem Group. He is responsible for corporate development, strategic planning and accounts and financial activities of D' Legem Group. Before joining the D' Legem Group, he worked as the chief financial officer and company secretary of Sau San Tong Holdings Ltd. (stock code: 8200) (修身堂控股有限公司) and Ping Shan Tea Group Limited (坪山茶業集團有限公司) (presently known as Blockchain Group Company Limited) (區塊鏈集團有限公司) (stock code: 364). Mr. Ip graduated with a bachelor's degree from The Australian National University in April 1993 and with a master's degree from The Chinese University of Hong Kong, in November 2001. He is a member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Ka Ming Michael ("Mr. Law"), aged 60, was appointed as independent non-executive Director of the Company on 14 May 2020. He is also the Chairman of the remuneration committee and members of audit committee and nomination committee of the Company. He is a Chartered Quantity Surveyor of the Royal Institution of Chartered Surveyors. He holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. Mr. Law has more than thirty years' experience in construction and property development. In the past, he took up some key management positions with major Hong Kong property developers and has held corporate management role in logistic facilities development companies. He acted as a Vice President in K11 Concepts Limited from 2017 to 2019. He acted as a Project Director in Kerry Properties China Limited from 2012 to 2017.

Mr. Tang Chi Wai ("Mr. Tang"), aged 47, was appointed as independent non-executive Director of the Company on 20 September 2016. He is also the Chairman of audit committee and members of nomination committee and remuneration committee of the Company. Mr. Tang has over 20 years of experience in auditing and accounting. Mr. Tang has been serving as a financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited (stock code: 1026) since June 2008. Mr. Tang has been an independent non-executive director of Xin Point Holdings Limited (stock code: 1571) since June 2017, Noble Engineering Group Holdings Limited (stock code: 8445) since September 2017 and ISP Global Limited (stock code: 8487) since December 2017.

Mr. Tang was appointed as the honorary president of North Kwai Chung District Scout Council of Scout Association of Hong Kong in June 2019.

Mr. Tang is a practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor of the Institute of Internal Auditors and a holder of the Practitioner's Endorsement from the Hong Kong Institute of Chartered Secretaries. Mr. Tang has also obtained various professional qualifications and memberships including a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Hong Kong Institute of Chartered Secretaries, the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), and a member of the Chinese Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chung Man Lai ("Mr. Chung"), aged 44, was appointed as an independent non-executive Director, and the member of Audit Committee, member of Remuneration Committee, and chairman of Nomination Committee with effect from 23 December 2019. He has over 20 years of experience in auditing and accounting. Prior to joining of the Group, he worked in a reputable international accounting firm and was the chief financial officers of CMIC Ocean En-Tech Holding Co., Ltd. (formerly known as TSC Group Holdings Limited (Stock code: 206)) (華商國際海洋能源科技控股有限公司) and IDT International Limited (Stock code: 167) (萬威國際有限公司), both are companies listed on the Main Board of The Stock Exchange. He is currently a non-executive director of Greatwalle Inc. (the shares of which are listed on the GEM of the Stock Exchange, Stock code: 8315), and an independent non-executive director of Roma Group Limited (the shares of which are listed on GEM of the Stock Exchange, Stock code: 8072). He was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (the shares of which are listed on GEM of the Stock Exchange, Stock code: 8148) for the period from 1 April 2020 to 15 September 2020 and redesigned as an executive director since 15 September 2020. He is also the chief financial officer, company secretary, member of the risk management committee and authorised representative of D&G Technology Holding Company Limited (the shares of which are listed on the Main Board of the Stock Exchange, Stock code: 1301). Mr. Chung obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1998 and a master of business administration degree with a major in international business from EU Business School in December 2018. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Note: The above executive directors are the senior management of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Century Group International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recognise the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the board of directors of the Company (the "Board") is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors of the Company (the "Director(s)"), the Company has complied with all code provisions as set out in the CG Code during the year ended 31 March 2021 (the "Reporting Period") and, where appropriate, the applicable recommended best practices of the CG Code, except for that there is no separation between the roles of the Chairman and the Chief Executive Officer. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company that they have complied with the required standard set out in the Model Code during the Reporting Period. To ensure Directors' dealings in the securities of the Company (the "Shares") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the chairman of the Board (the "Chairman") in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

BOARD OF DIRECTORS

Composition of the Board

Up to the date of this annual report, the Board consists of five Directors, which comprises two executive Directors and three independent non-executive Directors ("INED(s)"). The composition of the Board during the Reporting Period and up to the date of this annual report was as follows:

Executive Directors:
Mr. Wang Feng *(Chairman)*
Mr. Ip Wai Sing

Independent Non-executive Directors:
Mr. Cheung Wai Lun Jacky *(resigned on 14 May 2020)*
Mr. Tang Chi Wai
Mr. Chung Man Lai
Mr. Law Ka Ming Michael *(appointed on 14 May 2020)*

The biographies of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 10 to 11 of this annual report.

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

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall management of the Group, which includes controlling resources allocation of the Company and leading the Company to strive for success. It oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Directors with various professional qualifications experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfy with the corporate governance requirements of the Group with regard to the balance of expertise, skills and experience as well as the ongoing development and management of its business activities.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. During the Reporting Period, 6 Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

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

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

Save for the family relationships disclosed in the Biographical Details of Directors and Senior Management, if any, set out on pages 10 to 11 of this annual report, the Directors do not have any material financial, business or other relationships with one another.

DIRECTORS' AND OFFICERS' LIABILITIES

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Directors, Messrs. Wang and Ip, have entered into service contracts with the Company for a term of three years and two years respectively. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of the INEDs has been entered into a service contract with the Company for a term of three years. Messrs. Chung and Law, and Mr. Tang have the right to give not less than three months' and six months' written notice to terminate their own service contracts respectively.

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

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

By virtue of articles 84(1) and 84(2) of the articles of association of the Company, Messrs. Wang and Ip will retire by rotation at the forthcoming AGM and will, being eligible, offer himself for re-election at the forthcoming AGM.

CHAIRMAN AND CEO

The Chairman is Mr. Wang Feng. The Board is still looking for any suitable candidates to fill in the vacancy of CEO. Upon the period of change in senior management of the Company, the role of CEO keeps vacant and the duties will be borne by both our executive directors, Messrs. Wang and Ip. It breaches with the principles and the code provisions set out in the CG Code in Appendix 14 of the Listing Rules.

Pursuant to Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Notwithstanding the deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer by the same person can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which currently consists of two executive directors and three INEDs, the interest of the shareholders of the Company will be adequately and fairly represented.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The board consists of two executive Directors and three INEDs who have professional qualification, experience and expertise in accounting, finance or quantity surveying field. The names and biographical details of each Director are set out in "Biographical Details of Directors and Senior Management" on pages 10 to 11 of this annual report. The Company has received confirmation of independence from all three INEDs in accordance with Rule 3.13 of the Listing Rules.

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

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

During the Reporting Period and up to the date of this annual report, all Directors have participated in continuous professional training to develop and refresh their knowledge and skills in relation to their contribution to the Board.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Policy") in April 2016 which sets out the basis to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

Pursuant to the policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will consider setting measureable objectives to implement the policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at the date of this report, the Board comprises five Directors, amongst them, three are INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, regardless in terms of age, professional experience, skills and knowledge.

The nomination committee will review the policy from time to time to ensure its continued effectiveness.

NOMINATION POLICY

The Company has also adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate includes, inter alia, such candidate's academic background and professional qualifications, relevant experience in the industry, character and integrity etc. The procedure of appointing and re-appointing a Director is summarized as follows:

1. The nomination committee of the Company (the "Nomination Committee") reviews the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy;

2. When it is necessary to fill a casual vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates as recommended to the Nomination Committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;

3. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

4. The Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment;

5. The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee;

6. In accordance with the Company's articles of association, every director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election at each AGM;

7. The Nomination Committee shall review the overall contribution and service to the Company of the retiring director. The Nomination Committee shall also review the expertise and professional qualifications of the retiring director, who offered himself/herself for re-election at the AGM, to determine whether such director continues to meet the criteria as set out in the Nomination Policy;

8. Based on the review made by Nomination Committee, the Board shall make recommendation to shareholders on candidates standing for re-election at the AGM of the Company, and provide the available biographical information of the retiring director in accordance with the Listing Rules to enable shareholders to make the informed decision on the re-election of such candidates at AGM of the Company; and

9. The shareholders of the Company may propose a person for election as a Director in accordance with the articles of association of the Company and applicable law.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") which does not have any pre-determined dividend payout ratio. In considering dividend payment, the Board will take into account factors such as the Group's expected financial performance, business conditions and strategies, expected working capital requirements and future expansions, business cycles and other internal or external factors that may affect the Company's business or financial performance and financial position, return and interest of the shareholders and other factors which the Board considers to be relevant. The Board will review the Dividend Policy from time to time and the Dividend Policy does not constitute any commitment or obligation of the Company to declare dividends.

AUDIT COMMITTEE

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

The Audit Committee comprises three INEDs, namely Mr. Tang Chi Wai, Mr. Law Ka Ming Michael and Mr. Chung Man Lai. Mr. Tang Chi Wai is the chairman of the Audit Committee.

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

During the meetings, the Audit Committee reviewed and considered the Group accounts for the year ended 31 March 2021; and the Group's unaudited consolidated accounts for the six months ended 30 September 2020. The external auditor was invited to attend 2021 annual result meeting and 2021 audit planning meeting. During the meetings, the external auditor discussed various accounting issues and finding with Audit Committee and the audit strategy and plan for 2021 Group results.

REMUNERATION COMMITTEE

A Remuneration Committee has been established by the Board with specific written terms of reference and all of the members of the Remuneration Committee are INEDs. Details of the authority and responsibilities of the Remuneration Committee are available on the websites of the Company and The Stock Exchange.

The Remuneration Committee comprises three INEDs, namely Mr. Law Ka Ming Michael, Mr. Tang Chi Wai and Mr. Chung Man Lai. Mr. Law Ka Ming Michael is the chairman of the Remuneration Committee.

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

REMUNERATION OF EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The remuneration of executive Directors and the member of the senior management by band for the year ended 31 March 2021 is set out below:

Number of Personnel	Remuneration (HK$)
1	Nil to 500,000
0	500,001 to 1,000,000
0	1,000,001 to 1,500,000
1	1,500,001 to 2,000,000

Further particulars regarding directors' remuneration as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the consolidated financial statements.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

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

NOMINATION COMMITTEE

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

The Nomination Committee comprises three INEDs, namely Mr. Chung Man Lai, Mr. Law Ka Ming Michael and Mr. Tang Chi Wai. Mr. Chung Man Lai is the chairman of the Nomination Committee.

During the Reporting Period, two Nomination Committee meetings were held to review the structure, size, composition and diversity of the Board, assessing the independence of INEDs and other related matters of the Company.

BOARD AND COMMITTEES MEETINGS

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee during the Reporting Period are set out below:

	Attendance/Number of Meetings Held				
Name of Director	**Board Meeting**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Wang Feng	6/6	–	–	–	–
Mr. Ip Wai Sing	6/6	–	–	–	1/1
Independent Non-Executive Directors					
Mr. Cheung Wai Lun Jacky *(resigned on 14 May 2020)*	1/2	2/2	0/1	0/1	0/0
Mr. Tang Chi Wai	6/6	4/4	2/2	2/2	1/1
Mr. Chung Man Lai	6/6	4/4	1/2	2/2	–
Mr. Law Ka Ming Michael *(appointed on 14 May 2020)*	4/4	2/2	1/1	1/1	–

CORPORATE GOVERNANCE FUNCTION

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

During the Reporting Period, the Board reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of its corporate governance policy.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Group's and the Company's financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies are being selected and applied consistently.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditor's Report on pages 32 to 36 of this report.

AUDITOR'S REMUNERATION

During the period under review, the remuneration paid/payable to Clement C.W. Chan & Co. is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit services	500.0
Non-audit services	
– Agreed-upon procedures on the interim financial information for the six months ended 30 September 2020	75.5
– Filing on Hong Kong Profits Tax	20.4
– Other services	20.0
Total	615.9

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for ensuring that the Group has appropriate and effective risk management and internal control systems in order to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for reviewing the effectiveness of the risk management and internal control systems of the Group at least annually. The scope of the review is determined and recommended by the Audit Committee and approved by the Board annually. The review covers all material controls, including financial, operational and compliance controls and risks management. Such annual review also considers the adequacy of resources, staff's qualifications and experience and training programmes and budget of the Company's accounting and financial reporting function. The Company has not established an internal audit function and the Directors are of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint an external internal control advisor ("IC advisor") to perform the internal audit function for the Group.

During the year ended 31 March 2021, the management has conducted regular review on the effectiveness of the risk management and internal control systems covering material controls in area of financial and compliance controls and various functions for risks management. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's risk management and internal control systems covering material controls, including financial, operational and compliance controls and risk management for the year ended 31 March 2021. The Audit Committee is satisfied that the risk management and internal control systems maintained by the Group is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained.

Risk management Framework

1. Each business unit is responsible for identifying, assessing and managing risks within its scope of operation, ensuring that appropriate internal controls for effective risk management are implemented – principal risks are identified and assessed in the yearly business planning process with action plans to manage those risks;

2. The management is responsible for overseeing the risk management and internal control activities of the Group – regular meetings with each business unit to ensure principals risk are properly managed, and new or changing risks are identified; and

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls – consideration of the recommendations of the IC advisor and the Audit Committee.

Such risk management framework, coupled with our internal controls, ensures that the risks associated with our different business units are effectively controlled in line with the Group's risk appetite.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure the maintenance of proper accounting records, to ensure compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The management is responsible for the design, implementation and maintenance of internal controls, while the Audit Committee and the Board review the effectiveness of the Group's systems of internal controls and risk management through the assistance of the IC advisor.

The Audit Committee also had regular meetings with the external auditor and reviewed the reports by the external auditor of any control issues or findings identified in the course of their work. The Audit Committee has also requested the management to follow up the recommendations of the external auditor to remedy the control issues identified or to further improve the internal control system.

During the year ended 31 March 2020, the Company had engaged an IC advisor to review its internal control procedures and made recommendations to the Board any improvements that can be made to the existing internal control procedures. The review covered the effectiveness of material controls on financial and operational aspects as well as risk management functions across the Group. In the year, the Board formed its own view on the effectiveness of the systems based on the recommendation of the Audit Committee. The Board is satisfied that the internal control and risk management systems in place covering material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report is reasonably effective and adequate.

DISSEMINATION OF INSIDE INFORMATION

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

The handling and dissemination of inside information of the Group is strictly controlled and remains confidential including but not limited by the following ways:

1. Restrict access to inside information to a limited number of employees on a need-to-know basis;

2. Reminder to employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;

3. Ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations or dealings with third party;

4. Inside information is handled and communicated by designated persons to outside third party; and

5. The Board and the senior management review the safety measures regularly to ensure inside information is properly handled and disseminated.

COMPANY SECRETARY

Mr. Lo Wing Sang ("Mr. Lo"), Certified Public Accountant resigned as the Company Secretary of the Company on 28 May 2021, and, Mr. Lee Cheuk Man ("Mr. Lee") was appointed by the Broad to fill in the casual vacancy on the same day. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants

Mr. Lee is not an employee of our Group, and Mr. Ip Wai Sing, the executive Director, is the person whom Mr. Lee can contact for the purpose of code provision F.1.1 of the Code.

During the Reporting Period, Mr. Lo has undertaken not less than 15 hours of relevant professional training in accordance with the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

At the AGM held on 10 September 2020, separate resolutions were proposed by the chairman in respect of each separate issue, including re-election of directors, re-election of auditor etc., and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. All the Directors, including the respective chairman of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee had attended the AGM held in 2020 to ensure effective communication with the shareholders.

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

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

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

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

Shareholders' enquires and Proposals

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, or call its customer service hotline at (852) 2980 1333.

Shareholders may also make enquiries to the Board at the AGM of the Company.

INVESTOR RELATIONS

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

CONSTITUTIONAL DOCUMENTS

The Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. During the Reporting Period, no amendments were made to the constitutional documents of the Company.

REPORT OF DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in provision of site formation works. There were no significant changes in the nature of the principal activities of the Group during the year.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement, Management Discussion and Analysis and Report of Directors sections on pages 4 to 31 of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 6 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 6 to 9 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out below.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Environmental, social and governance report will be published to respective websites of the Company and the Stock Exchange in the manner as required by Appendix 27 of the Listing Rules in due course.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 37 of this report. No dividend was paid or proposed by the Company during the year, nor has any dividend been proposed by the Directors since the end of the year.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 September 2021 to Friday, 10 September 2021, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 2 September 2021.

FINAL DIVIDEND

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

KEY RISKS AND UNCERTAINTIES

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

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

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

Impact of COVID-19

Needless to say, the outbreak of novel coronavirus disease 2019 (the "COVID-19" and the "Pandemic", respectively) has been adversely affecting our economy and market demand, including Hong Kong and Mainland China. The Group has been closely monitoring the Pandemic and the market development. We enhance our education to our staff and site workers about any personal precaution measures such as wearing masks, wash hands and any medical check if necessary. To cope with the negative impact of the Pandemic, the Company may consider shortening operation hours or even temporarily closing certain sites due to the impact of the pandemic.

Keen competition

Due to slowdown of Hong Kong economy, the competition of construction industry has become more intense as there will be a foreseeable reduction of number of construction projects available for our tendering. To increase the chance of success in winning the tender bidding, the Group will lower its profit margin, which will affect its profit for the coming year.

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

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

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

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Company and the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in note 30 to the consolidated financial statements.

CHARITABLE DONATIONS

No charitable and other donations were made by the Group during the Reporting Period. (2020: charitable and other donations of HK$13,000 were made).

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity.

As at 31 March 2021, the Company has reserves available of HK$34.28 million (2020: HK$68.95 million).

DIRECTORS

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

Executive Directors
Mr. Wang Feng *(Chairman)*
Mr. Ip Wai Sing

Independent Non-executive Directors
Mr. Tang Chi Wai
Mr. Chung Man Lai
Mr. Law Ka Ming Michael *(appointed on 14 May 2020)*
Mr. Cheung Wai Lun Jacky *(resigned on 14 May 2020)*

By virtue of articles 84(1) and 84(2) of the articles of association of the Company, Messrs. Wang and Ip, will retire by rotation at the forthcoming AGM and being eligible, will offer themselves for re-election.

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

Information regarding Directors' emoluments is set out in note 12 to the consolidated financial statements of this report.

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

REPORT OF DIRECTORS

DIRECTORS' SERVICE CONTRACTS

All the executive Directors, Messrs. Wang and Ip, have entered into service contracts with the Company for an initial fixed term of three years and two years commencing from 9 January 2020 and 23 December 2019 respectively, unless terminated by not less than three months' notice in writing served by either party on the other.

Each of the INEDs has entered into a service contract with the Company for a term of three years, Messrs. Chung and Law, and Mr. Tang, may be terminated by either party by giving the other party at least three months' and six months' written notice respectively.

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

PERMITTED INDEMNITY OF DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

No transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTEREST

No contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling shareholders or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in note 12 and 13 to the consolidated financial statements in this report.

EMOLUMENT POLICY

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

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 33 to the consolidated financial statements.

COMPETING INTERESTS

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

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follows:

Interests in Share of the Company

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Wang Feng (Note 2)	Interest of a controlled corporation	225,330,000 (L) (Note 1)	28%

Notes:

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

2. The shares are held by D' Legem Group Limited. Mr. Wang Feng beneficially owns 2% of the issued shares of D' Legem Group Limited.

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

As at 31 March 2021, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or would be, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature	Number of Shares held/interested	Percentage of interest
D' Legem Group Limited	Beneficial owner	225,330,000 (L) (Note)	28%

Note:

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 12.5% and 52.3% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 26.9% and 86.36% respectively of the Group's total revenue for the year.

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED

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

EQUITY-LINKED AGREEMENTS

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

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 20 September 2016.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward our employees, the Directors and other selected participants for their contributions to the Group.

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

(i) any Directors (including executive Directors, non-executive Directors and INEDs) and employees of any member of the Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the aggregate of the shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 74,000,000 Shares, representing 9.2% of the issued Shares as at the date of this report.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or INEDs or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, INEDs, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted until 19 September 2026.

No share option of the Company was granted since the adoption of the Share Option Scheme.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 12 to 22 of this report.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

AUDITORS

The consolidated financial statements for the Reporting Period have been audited by Clement C.W. Chan & Co. ("Clement"). Clement shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment as auditors of the Company will be proposed at the forthcoming AGM.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

On behalf of the Board
Century Group International Holdings Limited

Wang Feng
Chairman
29 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURY GROUP INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Century Group International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 84, which comprise the consolidated statements of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Recognition of contract revenue and contract assets for construction contracts	
We identified the recognition of contract revenue and contract assets for construction contracts as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole and there are significant judgements exercised by the management of the Group in determining the progress towards complete satisfaction of the performance obligation and the amount of contract revenue recognised. As disclosed in note 7 and note 20 to the consolidated financial statements, the construction contracts revenue and contract assets amounted to HK$188,050,000 for the year ended 31 March 2021 and HK$61,927,000 as 31 March 2021 respectively. As set out in note 4 to the consolidated financial statements, the Group recognised contract revenue by reference to the progress of satisfying the performance obligation at the reporting date.	Our procedures in relation to contract revenue and contract assets for construction contracts included: • Understanding the design and testing the implementation of key internal controls over the revenue recognition of construction contract on a sample basis; • Discussing with the project managers and the management of the Group to understand the status of the projects, identifying any variations, provision on loss making contracts and obtaining explanations for fluctuations in margins as to their reasonableness; • Checking the total contract value and terms to agree to the underlying construction contracts entered into with the customers and other relevant correspondences and supporting documents in respect of variation orders; and • Checking the revenue recognised, on a sample basis, the certificates issued by the quantity surveyors, before and subsequent to year end date and other relevant correspondences and supporting documents in respect of variation orders to evaluate the reasonableness of the revenue recognised.

Key audit matter	How our audit addressed the key audit matter
Estimated provision of expected credit losses ("ECL") for trade receivables and contract assets	

We identified the estimated provision of ECL for trade receivables and contract assets as a key audit matter due to their significance of the balances to the consolidated financial statements as a whole and judgement and estimates made by the management in determining the recoverability of the balances.
 	
As shown in note 19 and 20 to the consolidated financial statements, as at 31 March 2021, the carrying amounts of trade receivables and contract assets are HK$15,610,000 and HK$61,927,000 (which are arrived at after netting of allowance for credit losses of HK$265,000 and HK$768,000), respectively.
 	
As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on provision matrix with reference to independent valuations prepared by an independent external valuer engaged by the Group. Estimated loss rates are based on actual loss experience over the past three years and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort.
 	
As disclosed in note 6 to the consolidated financial statements, a net reversal of allowance for credit losses of HK$267,000 (i.e. allowance of HK$265,000 on trade receivables net of reversal of HK$532,000 in respect of contract assets) was recognised in profit or loss by the Group for the year ended 31 March 2021.
	Our procedures in relation to the assessment as to whether the estimated provision of ECL for trade receivables and contract assets is appropriate included:
	
	• Obtaining an understanding of the process and key controls on how the management estimates the ECL of trade receivables and contract assets and review and evaluate the work of the valuer;
	
	• Evaluating the competence, capabilities and objectivity of the valuer and obtaining an understanding of the scope of work and the terms of engagement with the valuer;
	
	• Testing the integrity of information used by the management to develop the estimates, by:
	
	    • obtaining from the management the aging and breakdown of trade receivables and contract assets as at 31 March 2018 to 2021;
	
	    • on a sample basis, comparing individual items in the aging with the relevant certificates issued by the quantity surveyors and other supporting documents and their history of repayment; and
	
	• Challenging the management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 March 2021, including their identification of credit impaired trade receivables and contract assets, the reasonableness of management's basis of estimated loss rates applied in each trade debtor (with reference to historical default rates and forward-looking information).

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chan Chung Wah, Clement.

Clement C.W. Chan & Co.
Certified Public Accountants
CHAN Chung Wah, Clement
Practising Certificate Number: P01187

Hong Kong
29 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	247,530	251,760
Cost of sales and services		(275,984)	(243,868)
Gross (loss) profit		(28,454)	7,892
Impairment losses under expected credit loss model, net of reversal	6	267	(754)
Other income, other gains and losses	8	8,833	1,421
Administrative expenses		(13,926)	(17,485)
Finance costs	9	(46)	(1,042)
Loss before taxation		(33,326)	(9,968)
Income tax credit	10	1,464	1,823
Loss for the year	11	(31,862)	(8,145)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		30	–*
Reclassification of cumulative translation reserve upon disposal of foreign operations		(1)	–
		29	–*
Total comprehensive expense for the year		(31,833)	(8,145)
Loss for the year attributable to:			
Owners of the Company		(31,886)	(8,145)
Non-controlling interests		24	–*
		(31,862)	(8,145)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(31,857)	(8,145)
Non-controlling interests		24	–*
		(31,833)	(8,145)
Loss per share (HK cents)			
– Basic and diluted	15	(4)	(1)

* Less than HK$1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current assets			
Plant and equipment	16	**2,516**	12,820
Right-of-use assets	17	**1,086**	471
Goodwill		**–**	2
		3,602	13,293
Current assets			
Inventories	18	**–**	28
Trade and other receivables, deposits and prepayments	19	**21,828**	7,450
Contract assets	20	**61,927**	56,475
Restricted bank balances	21	**15,618**	15,455
Bank balances and cash	22	**7,818**	27,579
		107,191	106,987
Assets classified as held for sale	23	**478**	–
		107,669	106,987
Current liabilities			
Trade and other payables	24	**42,078**	40,517
Amount due to a director of a subsidiary	25	**17,000**	–
Amount due to a shareholder	25	**1,500**	–
Provisions	26	**2,572**	–
Contract liabilities	27	**1,115**	–
Lease liabilities	28	**654**	442
		64,919	40,959
Net current assets		**42,750**	66,028
Total assets less current liabilities		**46,352**	79,321
Non-current liabilities			
Lease liabilities	28	**405**	38
Deferred tax liability	29	**180**	1,659
		585	1,697
Net assets		**45,767**	77,624
Capital and reserves			
Share capital	30	**8,048**	8,048
Reserves		**37,719**	69,576
Equity attributable to owners of the Company		**45,767**	77,624
Non-controlling interests		**–**	–*
Total equity		**45,767**	77,624

* Less than HK$1,000

The consolidated financial statements on pages 37 to 84 were approved and authorised for issue by the board of directors on 29 June 2021 and are signed on its behalf by:

Wang Feng
Director

Ip Wai Sing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium HK$'000** (note a)	**Merger reserve HK$'000** (note b)	**Statutory Reserve HK$'000** (note c)	**Translation reserve HK$'000**	**Accumulated losses HK$'000**	**Sub-total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 April 2019	7,678	102,392	–*	–	–	(32,230)	77,840	–	77,840
Exchange differences arising on translation of foreign operations	–	–	–	–	–*	–	–*	–	–*
Loss for the year	–	–	–	–	–	(8,145)	(8,145)	–*	(8,145)
Total comprehensive expense for the year	–	–	–	–	–*	(8,145)	(8,145)	–*	(8,145)
Issue of new shares (note 30)	370	7,844	–	–	–	–	8,214	–	8,214
Transaction costs attributable to issue of new shares	–	(285)	–	–	–	–	(285)	–	(285)
At 31 March 2020 and 1 April 2020	8,048	109,951	–*	–	–*	(40,375)	77,624	–*	77,624
Loss for the year	–	–	–	–	–	(31,886)	(31,886)	24	(31,862)
Other comprehensive income for the year	–	–	–	–	29	–	29	–	29
Total comprehensive expense for the year	–	–	–	–	29	(31,886)	(31,857)	24	(31,833)
Appropriations	–	–	–	37	–	(37)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	(24)	(24)
At 31 March 2021	**8,048**	**109,951**	**–***	**37**	**29**	**(72,298)**	**45,767**	**–**	**45,767**

* Less than HK$1,000.

Notes:

a. Under the Company Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they full due in the ordinary course of business.

b. Merger reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

c. The statutory reserve represents the amount set aside from the retained earnings by a subsidiary incorporated in the PRC and is not distributable as dividend. In accordance with the relevant regulations and its articles of association, the Company's subsidiary incorporated in the PRC is required to allocate at least 10% of its after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. The reserve can only be used for specific purposes and is not distributable or transferable to loans, advances and cash dividends.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(33,326)	(9,968)
Adjustments for:		
Interest income	(165)	(166)
Finance costs	46	1,042
(Reversal of impairment loss)/impairment losses on contract assets	(532)	754
Impairment losses on trade receivables	265	–
Impairment losses on goodwill	2	–
Provision for onerous contracts	2,572	–
Gain on disposals of subsidiaries	(27)	(71)
Amounts due from former directors written off	–	351
Gain on disposals of plant and equipment	(2,536)	(696)
Depreciation of plant and equipment	10,365	12,818
Depreciation of right-of-use assets	779	428
Operating cash flows before movements in working capital	(22,557)	4,492
Decrease in inventories	15	–
(Increase) decrease in trade and other receivables	(16,840)	10,003
(Increase) in contract assets	(4,920)	(13,706)
Increase in restricted bank balances for operating use	(163)	(162)
Increase in trade and other payables	3,868	19,018
Increase in contract liabilities	1,115	–
Cash (used in) generated from operations	(39,482)	19,645
Income tax paid	(17)	–
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(39,499)	19,645
INVESTING ACTIVITIES		
Net cash inflow on acquisition of a subsidiary	–	20
Net cash outflow from disposal of subsidiaries	(61)	–
Proceeds on disposals of plant and equipment	3,315	783
Interest received	165	166
Purchases of plant and equipment	(1,311)	(150)
NET CASH FROM INVESTING ACTIVITIES	2,108	819
FINANCING ACTIVITIES		
Advance from a director of a subsidiary	22,000	–
Advance from a shareholder	1,500	–
Advance from former directors (grouped under trade and other payables)	–	3,000
New bank and other borrowings raised	–	30,000
(Repayment of) advance from a director	–	(350)
Repayment of bank and other borrowings	–	(30,000)
Repayment of advance from former directors (grouped under trade and other payables)	–	(15,000)
Repayment of advance from a director of a subsidiary	(5,000)	–
Repayments of lease liabilities	(815)	(448)
Interest paid	(46)	(1,013)
Proceeds from issue of shares	–	8,214
Expenses on issue of shares	–	(285)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	17,639	(5,882)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,752)	14,582
Effect of foreign exchange rate changes	(9)	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27,579	12,997
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	7,818	27,579

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 16 December 2019, the Company's former immediate holding company, China Century Holdings Limited ("China Century"), a company incorporated in the British Virgin Islands, has disposed of 225,330,000 shares of the Company, representing 28% of the total issued share capital of the Company to D' Legem Group Limited ("D' Legem"), a company with limited liability incorporated in Hong Kong. On 20 December 2019 and 24 December 2019, China Century further disposed of on the Stock Exchange 201,185,000 and 134,020,000 shares of the Company, respectively. Immediately after these transactions, D' Legem becomes the immediate and ultimate shareholder of the Company. Its ultimate controlling party is Mr. Chow Hon.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the address of the principal place of business of the Company is Office D, 16/F., Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of construction and site formation services and trading of liquefied natural gas.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the 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 — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]
Amendments to HKAS 1	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]

[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.

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

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

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

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application. Specifically, the amendments are applicable to the Group's assessment of onerous contracts in relation to construction contracts.

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

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

3.1 Basis of preparation of consolidated financial statements

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group had bank balances and cash of approximately HK$7.8 million, while its trade and other payables and amount due to a director of a subsidiary and a shareholder were approximately HK$42.1 million,HK$17 million and HK$1.5 million, respectively as at 31 March 2021, and the Group incurred a net loss of approximately HK$31.9 million and net operating cash outflow of approximately HK$39.5 million respectively for the year ended 31 March 2021. A substantial portion of the net loss for the year ended 31 March, 2021 is caused by the two months suspension of a project due to the adverse effect of Coronavirus 2019 pandemic (the "Pandemic") resulting a loss of approximately HK$16.3 million incurred in that project for the year to the Group. The Pandemic continues to negatively affect the markets in which the Group operates and consequently the Group's ability to continue as a going concern is dependent on the Group's adjustment of its strategies to mitigate the possible further impact of the Pandemic on the Group's financial results and cashflows, and the successful implementation of the Group's cost optimization and reduction measures so as to improve working capital and cashflow position as well as successful obtaining additional new sources of financing extended by legitimate financial institutions to the Group. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations including future operating cash flows and facilities extended to the Group from legitimate financial institutions. Having given due consideration on the above matters, the directors of the Company are confident that the Group will be able to obtain and maintain sufficient financial resources to meet its financial obligations when they fall due for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

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

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

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

3.1 Basis of preparation of consolidated financial statements (continued)

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

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

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

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

3.2 Significant Accounting Policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Company: (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) 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.

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 subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiaries.

Profit or loss and each item of other comprehensive income of subsidiaries 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.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in subsidiaries are included in the Company's statement of financial position at cost less impairment. Cost includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

3.2 Significant Accounting Policies (continued)

Basis of consolidation (continued)

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.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

3.2 Significant Accounting Policies (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating units) disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue from contracts with customers

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

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

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

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

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

3.2 Significant Accounting Policies (continued)

Revenue from contracts with customers (continued)

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial instrument* ("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.

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

Output method

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

Details of the Group's performance obligation in contracts with customers are as follows:

Construction contracts

When the outcome of a construction contract can be reasonably measured, revenue from the construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced using output method. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy of onerous contract set out below.

Sales of liquefied natural gas

Revenue from sales of liquefied natural gas is recognised at a point in time when the liquefied natural gas is transferred to customers.

Variable consideration

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

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

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

3.2 Significant Accounting Policies (continued)

Variable consideration (continued)

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

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

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

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

The Group as a lessee

Short-term leases and leases of low-value assets

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

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

3.2 Significant Accounting Policies (continued)

Leases (continued)

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.

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

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

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

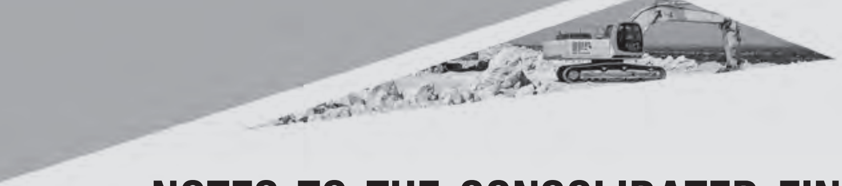
Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

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



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

3.2 Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and are translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

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

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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".

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

3.2 Significant Accounting Policies (continued)

Employee benefits

Retirement benefits cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefits schemes are recognised as expenses after the employees have rendered services that entitle them to the contributions.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees in respect of wages and salaries after deducting any amount already paid.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in the year of assessment 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 bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

3.2 Significant Accounting Policies (continued)

Taxation (continued)

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

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

Current and deferred taxes are recognised in profit or loss.

Plant and equipment

Plant and equipment are tangible assets that are held for use in the supply of goods or services or for administrative purposes and are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

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

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

3.2 Significant Accounting Policies (continued)

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

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

3.2 Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contract with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets are subsequently measured at amortised cost if the following conditions are met:

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

All other financial assets are subsequently measured at fair value.

(i) <u>Amortised cost and interest income</u>

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.

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

3.2 Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are conducted 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 trade receivables and contract assets.

For all other financial 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 increase 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.

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

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

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

3.2 Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal and external credit rating of 'investment grade' in accordance with the globally understood definition.

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

Definition of default

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

The Group also 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.

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the debtor will undergo bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

3.2 Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

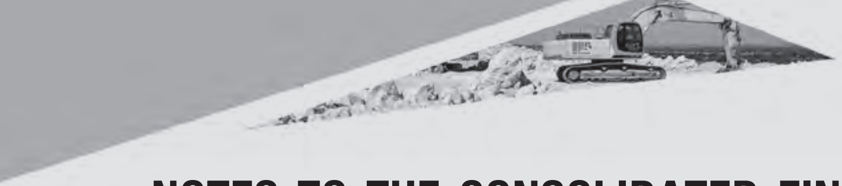
For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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 trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.



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

3.2 Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including trade and other payables, amount due to a director of a subsidiary and a shareholder, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Construction contracts revenue recognition and provision on onerous contracts

During the year ended 31 March 2021, the Group recognises contract revenue of construction projects of approximately HK$188,050,000 (2020: HK$251,438,000) according to the management's estimation of the progress and outcome of the project, which is established by reference to the construction works certified by the customers. Therefore, it involves significant management judgement and estimation in forecasting the costs to complete a contract, valuing contract variations, together with any provisions for expected contract losses and in determining the amount of provision on onerous contracts and revenue recognised from contracts to date and in each reporting period. Variation orders are included in revenue only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future, by considering the correspondence with customers and historical outcome for similar contracts. Budgeted costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved based on the requests and working schedules agreed with the customers. Because of the nature of the activities undertaken in the construction business, the Group reviews and revises the estimates of contract revenue, contract costs, variation orders and provision on onerous contracts to the budget prepared for each construction contract as the contract progresses. The actual outcome of the contracts in terms of its total revenue earned and costs incurred may be higher or lower than the estimates and this will affect the revenue recognised from contracts to date and in each reporting period.

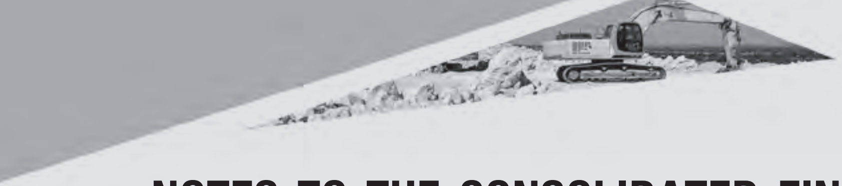
Provision of ECL for receivables and contract assets

Trade receivables and contract assets with significant balance and credit impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable that is 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 6. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss. As at 31 March 2021, the carrying amounts of trade receivables and contract assets were approximately HK$15,875,000 and HK$62,695,000, net of allowance for accumulated credit losses of approximately HK$265,000 and HK$768,000, respectively. The Group provided HK$265,000 impairment allowance for trade receivables (2020: Nil) and reversed HK$532,000 impairment allowance for contract assets (2020: provided HK$754,000).

Estimated impairment of plant and equipment

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 is 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 recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's construction operations if workers are infected by the pandemic. As at 31 March 2021, the carrying amount of plant and equipment subject to impairment was approximately HK$2,516,000 (2020: HK$12,820,000), no impairment loss was recognised for the year ended 31 March 2021 after performing impairment assessment (2020: Nil).



5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes amount due to a director of a subsidiary, amount due to a shareholder and lease liabilities, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and risks associated thereto. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues and the issue and repayment of new/existing debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 **HK$'000**	2020 HK$'000
Financial assets at amortised cost	**40,100**	49,288
Financial liabilities at amortised cost	**61,637**	40,997

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank balances, bank balances and cash, trade and other payables, amount due to a director of a subsidiary, amount due to a shareholder and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, interest rate risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, restricted bank deposits and bank balances.

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

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and contracts assets arising from contracts with customers

Individual credit evaluations are performed on all customers before deciding whether to submit tender proposals on construction contracts. These evaluation focuses including but not limited to the payment history of the customer and its current ability to pay, and after taking into account information specific to the customer. In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances and contract assets based on provision matrix. Details of the quantitative disclosure are set out below in this note.

As at 31 March 2021, the Group has concentration of credit risk of 82% (2020: 85%) and 82% (2020: 100%) as total trade receivables are due from the Group's first four largest customers and the five largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 90% (2020: 97%) of the total trade receivables as at 31 March 2021.

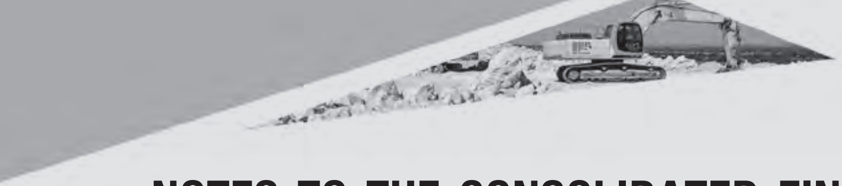
Restricted bank deposits and bank balances

Credit risk on restricted bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies.

The Group's exposure to credit risk

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

Category	Description	Trade receivables/contract assets	Other financial assets
Performing	For counterpart where there has been low risk of default and does not have any past-due accounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	For counterpart where there has been a significant increase in credit risk since initial recognition through information developed internally or obtained from external resources but that are not credit-impaired	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment.

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	**2021** Gross carrying amount HK$'000	2020 Gross carrying amount HK$'000
Financial assets at amortised cost						
Bank balances	22	Baa3 to Aa3	N/A	12m ECL	**7,818**	27,579
Restricted bank balances	21	A2	N/A	12m ECL	**15,618**	15,455
Trade receivables	19	N/A	Performing (Note)	Lifetime ECL (provision matrix)	**15,875**	4,368
Other receivables	19	N/A	Performing	12m ECL	**1,054**	1,886
					40,365	49,288
Other item						
Contract assets	20	N/A	Performing (Note)	Lifetime ECL (provision matrix)	**62,695**	57,775
					62,695	57,775

Note:

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix. For the assessment of lifetime ECL by management, the estimated loss rates are based on historical credit loss experience and the past due status of the debtors, adjusted for forward-looking information that is available without undue cost or effort.

Gross carrying amount

	2021			2020		
	Average loss rate	**Trade receivables HK$'000**	**Contract assets HK$'000**	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000
Performing	**0.83%**	**15,875**	**—**	0.79%	4,368	—
Performing	**1.25%**	**—**	**62,695**	2.27%	—	57,775

During the year ended 31 March 2021, the Group provided HK$265,000 impairment allowance for trade receivables (2020:Nil) and reversed HK$532,000 impairment allowance for contract assets (2020:provided HK$754,000). As a result, an excess of reversal over impairment losses under expected credit loss model of HK$267,000 (2020: impairment losses provision of HK$754,000) was recognised in profit or loss during the year.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 April 2019 and 31 March 2020	—
— Impairment losses recognised	265
As at 31 March 2021	265

The following table shows reconciliation of loss allowances that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000
As at 31 March 2019	546
– Impairment losses recognised	754
As at 31 March 2020	1,300
– Reversal of impairment losses	(532)
As at 31 March 2021	768

None of the Group's financial assets are secured by collateral or other credit enhancements.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate restricted bank balances (see note 21) and variable-rate bank balances (see note 22). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. It is the Group's policy to keep its deposits at floating rate of interests so as to minimise the fair value interest rate risk. The management of the Group considered that the exposure to cash flow in interest rate risk in relation to bank balances is minimal and no sensitivity analysis is presented accordingly.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations so as to mitigate the effects of fluctuations in cash flows.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Based on the business model, the Group relied on a significant extent on proceeds received from its customers from construction contracts to finance its operations. As the receipts of proceeds largely depend on the timing when the relevant certificates of payments are issued, there is no assurance that proceeds received from its customers from construction contracts of the Group will be on time and will be sufficient to meet the Group's needs. The Group's operating plan requires it to raise additional funds from time to time to finance its ongoing and additional construction projects. If the Group is unable to raise additional equity or debt financing in time when it is required, the Group's operations might need to be curtailed. The management prepared cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements regularly to ensure the Group has sufficient financial resources to meet its operational needs and to settle liabilities when they fall due. The management takes into account the following considerations in projecting their cash flow forecasts: (a) estimated cash inflows from its construction and trading businesses; and (b) facilities extended to the Group from legitimate financial institutions which are subject to application by the Group. Having given due considerations on the aforementioned, the directors of the Company opine that the Group will be able to raise and maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty. Any delay or unavailability of any of the above measures or sources of finance would impact the Group's liquidity position. The management will closely monitor the liquidity position of the Group and would devise alternative measures when required which include adjusting the construction progress as appropriate, and obtaining other external financing.

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

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

	Weighted average interest rate	On demand or within one year HK$'000	1–2 years HK$'000	3–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total contractual cash flow column/ carrying amount HK$'000
At 31 March 2021						
Trade and other payables		38,446	3,632	–	42,078	42,078
Amount due to a director of a subsidiary		17,000	–	–	17,000	17,000
Amount due to a shareholder		1,500	–	–	1,500	1,500
Lease liabilities	4.91%	687	329	85	1,101	1,059
		57,633	3,961	85	61,679	61,637

	Interest rate	On demand or within 1 year HK$'000	1–2 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total contractual cash flow column/ carrying amount HK$'000
At 31 March 2020					
Trade and other payables		36,801	3,716	40,517	40,517
Lease liabilities	5.13%	456	38	494	480
		37,257	3,754	41,011	40,997

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments

The directors of the Company consider that the fair values of financial assets and financial liabilities as at 31 March 2021 and 2020 recorded at amortised cost in the consolidated financial statements approximate to their corresponding carrying amounts due to short-term maturities.

7. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Disaggregation of revenue from contracts with customers

	2021 HK$'000	2020 HK$'000
Sales of goods		
– Sales of liquefied natural gas and construction materials in the People's Republic of China ("PRC")	59,480	322
Construction and site formation services in Hong Kong		
– Private sector	–	523
– Public sector	188,050	250,915
	247,530	251,760

Timing of revenue recognition

	Year ended 31/3/2021 HK$'000	Year ended 31/3/2020 HK$'000
Over time	188,050	251,438
At a point in time	59,480	322
	247,530	251,760

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

The transaction price of construction work excluding variation order works allocated to the remaining performance obligations as at 31 March 2021 amounts to approximately HK$276,350,000 (2020: HK$175,092,000). The Directors expect that all the remaining performance obligations will be recognised as revenue over the next two years (2020: one year) from the end of the reporting period.

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

Information reported to the directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance is based on the nature of business.

The Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

a. Construction and site formation business – provision of construction and site formation services

b. Trading business – sales of liquefied natural gas and construction materials

(i) Segment revenues and results

For the year ended 31 March 2021

	Construction and site formation business HK$'000	**Trading Business HK$'000**	**Total HK$'000**
Revenue from external customers	**188,050**	**59,480**	**247,530**
Segment result	**(33,021)**	**637**	**(32,384)**
Unallocated administrative expenses			**(4,912)**
Finance costs			**–**
Other income, other gains and losses			**3,970**
Loss before taxation			**(33,326)**

For the year ended 31 March 2020

	Construction and site formation business HK$'000	Trading Business HK$'000	Total HK$'000
Revenue from external customers	251,438	322	251,760
Segment result	(1,954)	20	(1,934)
Unallocated administrative expenses			(8,413)
Finance costs			(1,042)
Other income, other gains and losses			1,421
Loss before taxation			(9,968)

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(i) Segment revenues and results (continued)

Segment results represent the profit/(loss) from each segment without allocation of central administrative expenses, finance costs and other income, other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Recognition of income attributable to different operating segment is the same as the Group's accounting policies as described under "Revenue" in Note 3.

(ii) Other segment information

All interest expenses, impairment losses under ECL and gain on disposals of plant and equipment in profit or loss are attributable to the construction and site formation business for both years.

The CODM makes decision according to operating results of each segment. No analysis of segment assets and liabilities is presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

(iii) Geographical information

The Group earns revenue from external customers in two main geographical areas:

a. The PRC
b. Hong Kong

Information about the Group's revenue from external customers is presented based on the location of the goods delivered and the projects carried out, as follows:

	2021 **HK$'000**	2020 HK$'000
The PRC	**59,480**	322
Hong Kong	**188,050**	251,438
	247,530	251,760

Information about the Group's non-current assets by geographical location of the assets are details below:

	2021 **HK$'000**	2020 HK$'000
The PRC	**93**	81
Hong Kong	**3,509**	12,739
	3,602	12,820

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(iv) Information about major customers

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

	2021 HK$'000	2020 HK$'000
Customer A (note 1)	66,620	107,648
Customer B (note 1)	65,578	39,977
Customer C (note 2)	46,206	N/A*

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

Notes:

(1) Revenue from Construction business.

(2) Revenue from Trading business.

8. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Bank interest income	165	166
Gain on disposals of plant and equipment	2,536	696
Gain on disposal of investments in subsidiaries	27	71
Government grants	7,967	–
Provision for onerous contracts (note 26)	(2,572)	–
Refund of contributions from MPF Scheme	–	332
Others	710	156
	8,833	1,421

During the current year, the Group recognised government grants of approximately HK$7,967,000 in respect of COVID-19 related subsidies and HK$7,646,000 of which relates to Employment Support Scheme and the balance HK$321,000 relates to a One-off Subsidy for Transport Trades.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
– unsecured bank overdrafts	–*	–
– secured loan (note)	–	1,013
– lease liabilities	46	29
	46	1,042

* Less than HK$1,000.

Note: During the year ended 31 March 2020, the Group had raised a secured loan of HK$30,000,000 which had been fully settled before the end of the last reporting period.

10. INCOME TAX CREDIT

	2021 HK$'000	2020 HK$'000
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	15	3
Deferred taxation (note 29)	(1,479)	(1,826)
Income tax credit	(1,464)	(1,823)

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI as there is no income tax imposed in such jurisdictions.

No provision for Hong Kong Profits Tax has been made for the year as there was no assessable profits generated for the year (2020: the Group had sufficient agreed tax losses brought forward to set off the estimated assessable profits in full for the that year).

In accordance with the "Notice on implementing Generalised Preferential Tax Treatment for Small Low-profit Enterprises" (Caishui [2019] No. 13), certain of the Group's PRC entities which are qualified as small and thin profit enterprises with an annual taxable income of RMB1 million or less enjoyed a preferential tax rate of 20% of its taxable income, with the residual 75% exempted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

10. INCOME TAX CREDIT (CONTINUED)

Income tax credit 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	**(33,326)**	(9,968)
Tax calculated at the domestic income tax rate	**(5,444)**	(1,644)
Tax effect of expenses not deductible for tax purpose	**1,555**	1,721
Tax effect of income not taxable for tax purpose	**(1,860)**	(154)
Tax effect of tax losses not recognised	**4,417**	–
Utilisation of tax losses previously not recognised	**–**	(1,743)
Effect of tax exemption granted to a PRC subsidiary	**(119)**	(3)
Others	**(13)**	–
Income tax credit for the year	**(1,464)**	(1,823)

11. LOSS FOR THE YEAR

	2021 **HK$'000**	2020 HK$'000
Loss for the year has been arrived at after charging:		
Staff costs		
– Salaries, wages, allowances and other benefits	**72,357**	64,208
– Contributions to retirement benefits scheme	**2,518**	2,160
Total staff costs (excluding directors' and chief executive's emoluments (note 12))	**74,875**	66,368
Auditor's remuneration	**500**	500
Cost of inventories recognised as an expense	**–**	290
Depreciation of plant and equipment	**10,365**	12,818
Depreciation of right-of-use assets	**779**	428
Amounts due from former directors written off	**–**	351
Impairment losses on goodwill (included in administrative expenses)	**2**	–

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and the chief executive ("CE")'s remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 March 2021

	Fees HK$'000	Salaries, bonus, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors:				
Mr. Ip Wai Sing	–	1,877	17	1,894
Mr. Wang Feng	–	118	–	118
Independent non-executive directors:				
Mr. Cheung Wai Lun Jacky (note i)	12	–	–	12
Mr. Tang Chi Wai	100	–	–	100
Mr. Chung Man Lai	120	–	–	120
Mr. Law Ka Ming Michael (note ii)	106	–	–	106
Total	338	1,995	17	2,350

Notes:

(i) Resigned on 14 May 2020.

(ii) Appointed on 14 May 2020.

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

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 March 2020

	Fees HK$'000	Salaries, bonus, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors:				
Mr. Li Xiangzhong (note vi)	–	1,500	–	1,500
Mr. Cao Jun (note i and vii)	–	–	–	–
Mr. Zhang Chengzhou (note i and vii)	–	–	–	–
Mr. Cao Qian (note ii and iii)	–	1,500	–	1,500
Mr. Ip Wai Sing (note iv)	–	250	5	255
Mr. Wang Feng (note v and vii)	–	–	–	–
Non-executive director:				
Mr. Cao Qian (note ii)	–	–	–	–
Independent non-executive directors:				
Mr. Cheung Wai Lun Jacky	100	–	–	100
Mr. Lee Chi Ming (note iii)	109	–	–	109
Mr. Tang Chi Wai	100	–	–	100
Mr. Chung Man Lai (note iv)	33	–	–	33
Total	342	3,250	5	3,597

Notes:

(i) Retired on 10 September 2019.

(ii) Re-designated from a non-executive Director to an executive Director on 10 September 2019.

(iii) Resigned on 23 December 2019.

(iv) Appointed on 23 December 2019.

(v) Appointed on 9 January 2020.

(vi) Resigned on 17 January 2020.

(vii) The directors agreed to waive their remuneration for the year ended 31 March 2020.

Mr. Li Xiangzhong is appointed on 29 December 2018 and resigned on 17 January 2020 as the CE of the Company. His emoluments disclosed above include those for services rendered by him as the CE.

No emoluments were paid by the Group to any directors and the CE of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2021 and 2020.

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

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

13. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, one (2020: two) of them was a director of the Company, whose emolument is included in the disclosures in note 12 above. The emoluments of the remaining four (2020: three) individuals of the Group were as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**3,628**	4,652
Contributions to retirement benefits scheme	**36**	33
	3,664	4,685

The number of the highest paid employees who are not directors of the Company, whose remuneration were within the following bands

	Number of employees **2021**	2020
Nil to HK$1,000,000	**4**	–
HK$1,000,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$3,000,000	**–**	1

No emoluments were paid by the Group to any five highest paid individuals including directors of the Company as an inducement to join or upon joining the Group during the years ended 31 March 2021 and 2020.

A compensation of HK$2.3 million was paid to a staff, who was one of the above five highest paid individuals, as compensation for loss of office during the year ended 31 March 2020 (2021: Nil).

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

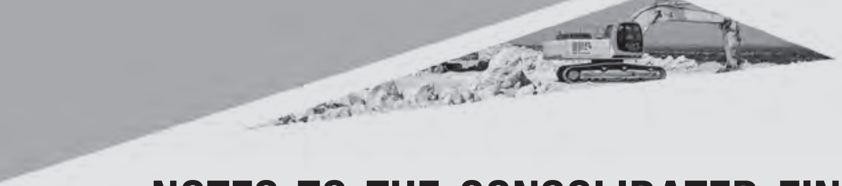
15. LOSS PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Loss		
Loss for the purpose of basic loss per share for the year attributable to the owners of the Company	**(31,886)**	(8,145)

	2021 **'000**	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**804,750**	786,654

No diluted loss per share were presented as there were no dilutive potential ordinary shares in issue for both years ended 31 March 2021 and 2020.



16. PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST					
At 1 April 2019	60,928	689	20,969	1,313	83,899
Additions	150	–	–	–	150
Disposals	(17,382)	(375)	(1,269)	(79)	(19,105)
Acquired on acquisition of a subsidiary (note 34)	82	–	–	–	82
At 31 March 2020	43,778	314	19,700	1,234	65,026
Additions	1,173	8	130	–	1,311
Disposals	(6,080)	–	(5,973)	–	(12,053)
Exchange realignment	7	–	–	–	7
Reclassified as held for sales (note 23)	–	–	(1,860)	–	(1,860)
At 31 March 2021	38,878	322	11,997	1,234	52,431
DEPRECIATION AND IMPAIRMENT					
1 April 2019	43,842	651	12,600	1,313	58,406
Provided for the year	9,047	21	3,750	–	12,818
Eliminated on disposals	(17,345)	(375)	(1,219)	(79)	(19,018)
At 1 April 2020	35,544	297	15,131	1,234	52,206
Provided for the year	7,359	16	2,990	–	10,365
Eliminated on disposals	(5,728)	–	(5,546)	–	(11,274)
Reclassified as held for sales (note 23)	–	–	(1,382)	–	(1,382)
At 31 March 2021	37,175	313	11,193	1,234	49,915
CARRYING VALUES					
At 31 March 2021	1,703	9	804	–	2,516
At 31 March 2020	8,234	17	4,569	–	12,820

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	10%–25%
Furniture and fixtures	25%
Motor vehicles	25%
Leasehold improvements	Over the lease term or 25%, whichever is shorter

In view of the operating loss sustained during the years ended 31 March 2021 and 2020, the directors of the Company have performed an impairment assessment on recoverable amount of the Group's plant and equipment and right-of-use assets as at 31 March 2021 and 2020. The recoverable amount of the plant and equipment and right-of-use assets is determined based on fair value less cost to sell (2020: value-in-use calculation using cash flow projection provided by the management of the Company. The pre-tax discount rate applied in measuring the amount of value-in-use was 9.94%). Based on the result of the assessment, no impairment loss had been recognised on plant and equipment for both years ended 31 March 2021 and 2020.

17. RIGHT-OF-USE ASSETS

	Motor vehicle HK$'000	Leased properties (note i) HK$'000	Total HK$'000
As at 31 March 2020			
Carrying amount	–	471	471
As at 31 March 2021			
Carrying amount	440	646	1,086
For the year ended 31 March 2020			
Depreciation charge	–	428	428
For the year ended 31 March 2021			
Deprecations change	40	739	779

	2021 HK$'000	2020 HK$'000
Expenses relating to a short term lease	96	92
Total cash outflow for leases (note ii)	861	477
Additions to right-of-use assets	1,394	869

Note:

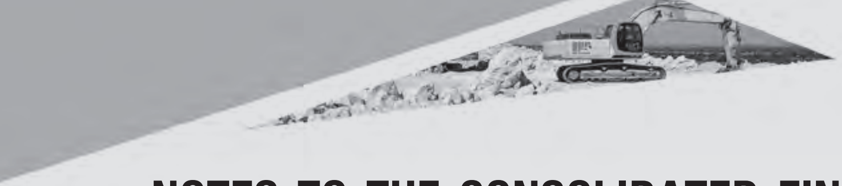
(i) The leased properties represent office premise and warehouse.

(ii) Total cash outflow for leases included the repayment of lease liabilities and interest paid.

The Group leases offices for both years, and newly leases motor vehicles and a warehouse for the current reporting period for its operations. Lease contracts are entered into for fixed term of 2 months to 3 years. Lease terms are negotiated on an individual basis and contain 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.

18. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials and consumables	–	28



19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Trade receivables from contracts with customers	**15,875**	4,368
Less: Allowance for credit losses	**(265)**	–
	15,610	4,368
Prepayments, deposits and other receivables	**6,218**	3,082
	21,828	7,450

As at 1 April 2019, trade receivables from contracts with customers amounted to approximately HK$12,171,000.

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers of construction contracts, and the credit period of individual customer of construction contracts is considered on a case-by-case basis and stipulated in the project contract, as appropriate. In respect of sales of liquefied natural gas, payment is required to be settled by 30 days from presentation of sale invoices. The following is an aged analysis of trade receivables, presented based on the date of the certified report and invoice date which approximates revenue recognition date at the end of the reporting period:

	2021 HK$'000	2020 HK$'000
0 to 30 days	**11,745**	2,150
31 to 60 days	**4,099**	1,708
61 to 365 days	**31**	510
	15,875	4,368
Less: Allowance for credit losses	**(265)**	–
	15,610	4,368

As at the reporting date, included in the Group's trade receivables balance is a debtor with aggregate carrying amount of approximately HK$31,000 (2020: HK$510,000) which is past due between 90 to 365 days as at the reporting date and this past due amount is not considered in default as this amount has been fully settled subsequent to the reporting date.

Details of impairment assessment of trade and other receivables are set out in note 6.

20. CONTRACT ASSETS

	2021 HK$'000	2020 HK$'000
Unbilled revenue of construction contracts	**28,589**	24,863
Retention receivables of construction contracts	**33,338**	31,612
	61,927	56,475

As at 1 April 2019, contract assets amounted to approximately HK$43,523,000.

The Group typically agrees to one to two years retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The contract assets also include the Group's rights to consideration for work completed but not yet billed at the year end date. The contract assets are transferred to trade receivables when the rights become unconditional.

The amount of contract assets that is expected to be recovered after more than one year is approximately HK$13,767,000 (2020: HK$11,825,000) all of which relates to retentions.

During the year ended 31 March 2021, there is approximately HK$532,000 of reversal of ECL on contract assets (2020: HK$754,000 was recognised as provision for ECL on contract assets) (see note 6 for details of impairment assessment).

21. RESTRICTED BANK BALANCES

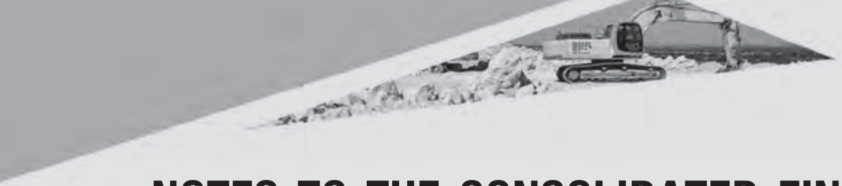
Restricted bank balances represent cash set aside by the Group in bank designated as surety bonds in favour of a customer for due performance of the Group's obligations under a construction contract which is expected to be completed within one year (2020: within one year). The balances are therefore classified as current assets. The restricted bank balances are carried at prevailing market rate 0.7% per annum (2020: 1.2% per annum) during the year ended 31 March 2021 and will be released upon completion of the contract.

22. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates of approximately 0.01% per annum (2020: 0.01% per annum) during the year.

23. ASSETS CLASSIFIED AS HELD FOR SALE

In March, 2021, the management of the Group decided to sell three of its motor vehicles which are ready for sale and have been quoted at prices that are reasonable in relation to their current fair value. At the end of the reporting date, the carrying amounts of the three motor vehicles of approximately HK$477,000 were reclassified to "Assets classified as held for sale". The disposal was completed on 16 April 2021. The net proceeds of disposal are HK$900,000 which exceed the net carrying amount of these motor vehicles and accordingly, no impairment loss has been recognised.



24. TRADE AND OTHER PAYABLES

	2021 **HK$'000**	2020 HK$'000
Trade payables	**19,733**	16,363
Retention payables (note)	**6,459**	4,681
Accrued expenses and other payables (note i)	**15,886**	19,473
	42,078	40,517

Note: As at 31 March 2021, the amount of the Group's retention payables expected to be due after more than twelve months was approximately HK$3,632,000 (2020: HK$3,716,000).

Note i: As at 31 March 2020, the amount included HK$6,000 tax payable.

Trade payables represent payables to suppliers and subcontractors. The credit terms granted to subcontractors are stipulated in the relevant contracts and the payables are usually due for settlement within 60 days. In respect of purchases of liquefied natural gas, the credit period is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
0 to 30 days	**12,695**	7,417
31 to 60 days	**3,390**	4,959
61 to 90 days	**2,297**	676
91 to 365 days	**1,351**	3,311
	19,733	16,363

25. AMOUNT DUE TO A DIRECTOR OF A SUBSIDIARY/A SHAREHOLDER

The amounts due to a director of a subsidiary and a shareholder respectively is non-trade in nature, unsecured, interest-free and is repayable on demand.

26. PROVISIONS

The provision was made for onerous contracts for construction services during the year ended 31 March 2021. Under these contracts, the management of the Group estimates the unavoidable cost of meeting the obligations will exceed the economic benefits expected to be derived from the revenue generated by these contracts which are expected to be completed in next year. The provision for onerous contracts was recognised in "Other income, other gain and losses".

The provision represents management's best estimate of the Group's liability under these contracts. These amounts have not been discounted for the purposes of measuring the provision for onerous contracts, because the effect is not material.

	HK$'000
At 1 April 2020	–
Provision for the year (note 8)	2,572
At 31 March 2021	**2,572**

27. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Sales of liquefied natural gas	1,115	–

As at 1 April 2019, there was no contract liabilities recognised.

The contract liabilities primarily relate to the deposits or payments received in advance from customers for the sale of liquefied natural gas. Substantially all the contract liabilities will be recognised in the coming year as the Group normally delivers the liquefied natural gas to satisfy the remaining performance obligations of the contract liabilities within one year.

The increase in contract liability is because of the commencement of the business engaging in trading of liquefied natural gas was near the end in last year and hence there was no contract liability at the last reporting date.

28. LEASE LIABILITIES

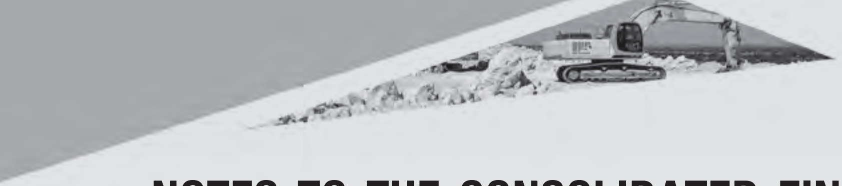
	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	654	442
Within a period of more than one year but not more than two years	321	38
Within a period of more than two years but not more than five years	84	–
	1,059	480
Less: amount due for settlement with 12 months shown under current liabilities	(654)	(442)
Amount due for settlement after 12 months shown under non-current liabilities	405	38

29. DEFERRED TAX LIABILITY

Deferred tax liability arising from accelerated tax depreciation recognised by the Group and movements thereon during the current and prior year are as follows:

	HK$'000
At 1 April 2019	3,485
Charged to profit or loss (note 10)	(1,826)
At 31 March 2020 and 1 April 2020	1,659
Charged to profit or loss (note 10)	(1,479)
At 31 March 2021	**180**

As at 31 March 2021, a subsidiary of the Group had aggregate unused tax losses of approximately HK$87,604,000 (2020: HK$60,835,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.



30. SHARE CAPITAL

	Number of shares		Share capital	
	2021	2020	**2021**	2020
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning and at the end of the year	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid				
At the beginning of the year	**804,750,000**	767,750,000	**8,048**	7,678
Issue of new shares pursuant to the exercise of the General Mandate granted to the directors by the shareholders (note)	**–**	37,000,000	**–**	370
At the end of the year	**804,750,000**	804,750,000	**8,048**	8,048

Note:

On 27 September 2019, pursuant to the exercise of the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 6 September 2018, it was approved to issue 37,000,000 ordinary shares of HK$0.01 each at a price of HK$0.222 per share. Of the total gross proceeds amounting to HK$8,214,000, HK$370,000 representing the par value is credited to the Company's share capital and HK$7,844,000, before the share issue expenses, is credited to the share premium account. The total number of issued shares of the Company was increased to 804,750,000 shares upon completion of the share placing.

31. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into transaction with a related party as follows:

Related party	Nature of transaction	**2021** HK$'000	2020 HK$'000
Ms. Choi Chun Chi Sandy	Office rental paid (note)	**552**	544

The above transaction was conducted at terms determined on a basis mutually agreed between the Group and the related party. Ms. Choi is a director of a Group's subsidiary.

Note:

The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the year was as follows:

	2021	2020
	HK$'000	HK$'000
Short-term employee benefits	**6,366**	9,542
Post-employment benefits	**71**	56
	6,437	9,598

The remuneration of the directors of the Company and key executives is determined by the remuneration committee having regard to the performance of the individuals and market trends.

32. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the written resolutions of the shareholders of the Company on 20 September 2016, the Company adopted a share option scheme (the "Scheme") to attract and retain the best available personnel, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within five days inclusive of the day on which such offer were made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company, and will be at least the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Scheme will remain in force for a period of ten years commencing on the date, the adoption date (i.e. 20 September 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of the both the current and the last reporting periods. A summary of the principal terms and conditions of the Scheme is set out in Appendix IV to the prospectus of the Company dated 30 September 2016.

33. RETIREMENT BENEFITS PLANS

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 20.7% of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

(b) Hong Kong

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2020: 5%) of relevant payroll costs to the MPF Scheme, in which the contribution is matched by employees and subject to a cap of HK$1,500 per month.

During the year ended 31 March 2021, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$2,553,000 (2020: HK$2,198,000).

34. ACQUISITION OF A SUBSIDIARY

Year ended 31 March 2020

On 18 March 2020, the Group entered into share transfer agreement with an independent third party to acquire the entire equity interest in 浙江保鑫能源有限公司 ("Zhejiang Baoxin") at a consideration of approximately RMB80,000 (equivalent to HK$87,000). Zhejiang Baoxin was engaged in sales of liquefied natural gas in the PRC during the period. The acquisition was accounted for using the acquisition method.

The fair value of the identifiable assets and liabilities of Zhejiang Baoxin acquired at its date of acquisition are a follows:

	2020 HK$'000
Plant and equipment	82
Trade and other receivables	954
Inventories	28
Bank balances and cash	20
Trade and other payables	(999)
Total fair value of identifiable net assets acquired	85
Consideration payable to the former owner	(87)
Goodwill recognised	2
Cash consideration paid	–
Bank balances and cash acquired	20
Net cash inflow	20

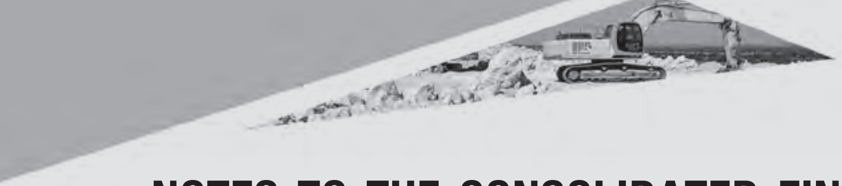
35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to a director HK$'000	Amount due to ex-directors (reported under trade and other payables) HK$'000	Amount due to a director of a subsidiary HK$'000	Amount due to a shareholder HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2019	350	12,000	–	–	30	12,380
Financing cash flows	(350)	(12,000)	–	–	(448)	(12,798)
Non-cash items						
New lease entered	–	–	–	–	869	869
Interest expense recognised	–	–	–	–	29	29
At 31 March 2020 and 1 April 2020	–	–	–	–	480	480
Financing cash flows	–	–	17,000	1,500	(861)	17,639
Non-cash items						
New lease entered	–	–	–	–	1,394	1,394
Finance costs recognised	–	–	–	–	46	46
At 31 March 2021	–	–	17,000	1,500	1,059	19,559

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current asset			
Investments in subsidiaries		**47,824**	47,824
Current assets			
Amount due from a subsidiary	(a)	**–**	29,758
Bank balances		**50**	2,295
		50	32,053
Current liabilities			
Amount due to the ultimate holding company	25	**1,500**	–
Other payables		**4,049**	2,879
		5,549	2,879
Net current (liabilities)/assets		**(5,499)**	29,174
Net assets		**42,325**	76,998
Capital and reserves			
Share capital	30	**8,048**	8,048
Reserves	(b)	**34,277**	68,950
Total equity		**42,325**	76,998



36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Notes:

(a) The amount was unsecured, interest-free and written off during the year. As at 31 March 2020, the carrying amount of amount due from a subsidiary was approximately HK$29,758,000, net of accumulated impairment loss of approximately HK$55,311,000.

(b) The movement of reserves is shown as follows:

	Share premium HK$'000	**Other reserve** HK$'000 (note)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2019	102,392	47,823	(80,053)	70,162
Issue of new shares (Note 30)	7,844	–	–	7,844
Transaction costs attributable to issue of new shares	(285)	–	–	(285)
Loss and total comprehensive expense for the year	–	–	(8,771)	(8,771)
At 31 March 2020 and 1 April 2020	109,951	47,823	(88,824)	68,950
Loss and total comprehensive expense for the year	–	–	(34,673)	(34,673)
At 31 March 2021	109,951	47,823	123,497	34,277

Note: Other reserve represents the difference between the nominal value of the shares issued for the acquisition of C&H Engineering Company Limited ("C&H") and the contributed net asset value at the date of acquisition.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follow:

Name of company	**Place of incorporation/ operation**	**Issued share capital/ registered capital**	**Percentage of equity interest/voting power attributable to the Group** **2021**	2020	**Principal activity**
Directly held:					
Honestly Luck Limited	The British Virgin Islands ("BVI")	US$1	**100%**	100%	Investment holding
D' Legem Investment Limited	The BVI	US$1	**100%**	100%	Investment holding
Indirectly held:					
C&H	Hong Kong	HK$10	**100%**	100%	Provision of Construction and site formation works
Century Poli Group Limited	Hong Kong	HK$10,000	**100%**	100%	Investment holding
Zhejiang Baoxin	PRC	RMB$10,000,000	**100%**	100%	Trading of liquefied natural gas
世紀鋭連（臨海）經貿有限公司	PRC	RMB$10,000,000	**–**	51%	Trading of construction materials
世紀鋭連（台州）進出口有限公司	PRC	RMB$10,000,000	**–**	51%	Provision of renovation services

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.