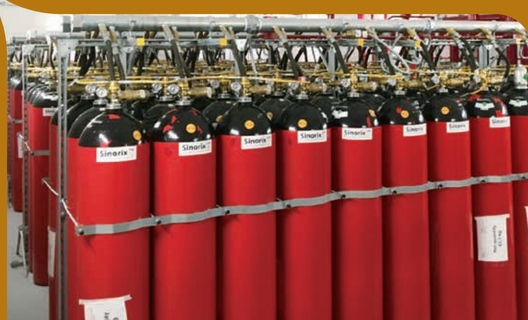
WINDMILL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1850



Annual Report 2021

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shing Kuen Alexander
(Chairman and Chief Executive Officer)
Mr. Ma Ting Wai Barry

Non-executive Director

Mr. Chan Ming Fai

Independent non-executive Directors

Mr. Pun Kin Wa
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

AUDIT COMMITTEE

Mr. Pun Kin Wa *(Chairman)*
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis
Mr. Chan Ming Fai

REMUNERATION COMMITTEE

Mr. Tsang Man Biu *(Chairman)*
Mr. Pun Kin Wa
Mr. Lee Kwok Tung Louis
Mr. Chan Ming Fai

NOMINATION COMMITTEE

Mr. Li Shing Kuen Alexander *(Chairman)*
Mr. Ma Ting Wai Barry
Mr. Pun Kin Wa
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

RISK MANAGEMENT COMMITTEE

Mr. Li Shing Kuen Alexander *(Chairman)*
Mr. Ma Ting Wai Barry

COMPANY SECRETARY

Ms. Ho Wing Yan ACIS ACS (PE)

AUTHORISED REPRESENTATIVES

Mr. Li Shing Kuen Alexander
Ms. Ho Wing Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1603,16/F., Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

PRINCIPAL BANKERS

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

AUDITOR

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Cayman Islands Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

STOCK CODE

1850

COMPANY'S WEBSITE

www.windmill.hk

Chairman's Statement

To all shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of WINDMILL Group Limited (the "Company"), I am delighted to present the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2021 to the shareholders of the Company (the "Shareholders").

The Group is a registered fire service installation contractor engaged in installation, maintenance, repair or inspection of fire safety systems for more than 30 years in Hong Kong. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment. Our services mainly include (i) design, supply and installation of fire safety systems for buildings under construction or re-development; (ii) maintenance and repair of fire safety systems for built premises; and (iii) trading of fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier.

It is still a challenging year for the Company due to an effect of the outbreak and rapid spread of "COVID-19". The Group has experienced a revenue increased of approximately 29.2% as compared between the revenue in the two years ended 30 April 2021 and 2020. Such increase was primarily due to gradually reached out the progress of the major ongoing projects during the year ended 30 April 2021 as compared to the previous year.

The Group's profit attributable to owners of the Company was approximately HK$4.9 million for the year ended 30 April 2021, which increased by approximately HK$25.6 million or 123.7% from approximately loss of HK$20.7 million for the year ended 30 April 2020 to approximately loss of HK$20.7 million for the year ended 30 April 2021.

In the future, the Group will continue to expand our business to maintain and strengthen our market position in our core Hong Kong market by pursuing the following strategies:

— Having continuous active participation in providing services for fire safety systems in public sectors and advanced fire safety system work for private buildings;

— Expanding our maintenance service business;

— Streamlining the fire service installation process; and

— Maintaining and further enhancing our high standards of project planning, management and implementation.

In addition, the Group will also seek potential opportunities to expand and develop our business further to other overseas markets by seeking potential strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

Chairman's Statement

As the Group has successfully been listed in the Main Board of Hong Kong Stock Exchange in 2019, our brand name awareness has been further enhanced. I believe we may leverage this to explore other new attractive business opportunities outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look at opportunities to strengthen our investor and shareholder base to support our Group's business and expansion plans.

Last but not least, I would also like to take this opportunity to express my sincere gratitude to our Shareholders, customers, subcontractors, suppliers and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group. The Group remains positive about the prospects of the fire safety service industry. With our experienced management team and decades of valuable project experience, we are convinced that we can expand our operation scale and maximize returns to the Shareholders.

Li Shing Kuen Alexander
Chairman and Chief Executive Officer

Hong Kong, 29 July 2021

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are a registered fire service installation contractor, qualified to undertake works in respect of the installation, maintenance, repair or inspection of fire safety systems in Hong Kong. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment.

Our services mainly include (i) design, supply and installation of fire safety systems for building under construction or re-development (referred to as "installation services"); (ii) maintenance and repair of fire safety systems for built premises (referred to as "maintenance services"); and (iii) trading of fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier (referred to as "others").

It is still in a challenging year for Windmill Group Limited (the "Company", together with its subsidiaries the "Group") due to the outbreak and rapid spread of "COVID-19".

Having said that, we will continue to explore the opportunities to further expand and increase its capacity in providing our services by identifying suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects.

In addition, the Group will also continuely seek potential opportunities to expand and develop our business further to other overseas markets by seeking strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

As the Group has successfully been listed in the Main Board of the Stock Exchange in last year, our brand name awareness has been further enhanced. The Group may leverage this to explore other new attractive business opportunities outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look at opportunities to strengthen our investor and shareholder base to support our Group's business and expansion plans.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 April 2021 recorded amounted to approximately HK$197.6 million which represented an increase of approximately HK$44.7 million or 29.3% from approximately HK$152.9 million for the year ended 30 April 2020. The increase in total revenue was mainly due to the combined effects of an increase from (i) installation services amounted to approximately HK$175.4 million and (ii) maintenance services amounted to approximately HK$22.1 million respectively.

Revenue

Analysis of revenue is as follows:

	Year ended 30 April			
	2021		2020	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Installation services	**175,399**	**88.77**	132,894	86.94
Maintenance services	**22,071**	**11.17**	19,711	12.90
	197,470	**99.94**	152,605	99.84
Others	**128**	**0.06**	246	0.16
Total	**197,598**	**100**	152,851	100.00

Installation services

Revenue increased by approximately 32.0% from approximately HK$132.9 million for the year ended 30 April 2020 to approximately HK$175.4 million for the year ended 30 April 2021. The increase by approximately HK$42.5 million was mainly due to gradually reached out the progress of the ongoing installation projects during the year.

Maintenance services

Revenue increased by approximately 12.2% from approximately HK$19.7 million for the year ended 30 April 2020 to approximately HK$22.1 million for the year ended 30 April 2021. The increase by approximately HK$2.4 million was mainly due to an increase in revenue from repair and maintenance to the safety system of the premises of various government departments during the year ended 30 April 2021 as comprised to the corresponding year.

Others

For the year ended 30 April 2021, revenue recorded amounted to approximately HK$0.1 million (2020: HK$0.2 million).

Cost of sales

Our cost of sales increased by approximately 18.9% from approximately HK$143.1 million for the year ended 30 April 2020 to approximately HK$170.1 million for the year ended 30 April 2021. The increase was mainly attributed to the increase in subcontracting costs, direct labour and materials cost which were in line with more revenue recognised by the Group during the year ended 30 April 2021.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$17.7 million or 180.6% from approximately HK$9.8 million for the year ended 30 April 2020 to approximately HK$27.5 million for the year ended 30 April 2021. The increase was in line with the increase in revenue. Our gross profit margin has been increased to 13.9%. It is because of a significant delay in major ongoing projects with an inevitable running costs incurred during the year due to an extremely challenging operational environment arose from a social unrest in Hong Kong as well as the outbreak and rapid spread of "COVID-19".

Other income

The Group recorded other income of approximately HK$3.8 million for the year ended 30 April 2021 (2020: approximately HK$0.49 million). The increase was mainly due to an "Anti-epidemic Fund" of the "Employment Support Scheme" launched by the HKSAR Government with approximately HK$2.8 million during the year.

Impairment loss on trade receivables

The Group's one of the customers has a significant outstanding trade receivables balance due to the Group with gross carrying amount of HK$20 million as at 30 April 2021 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at 30 April 2021, net of an impairment allowance of HK$7.2 million was made on the receivables due from that customer.

Impairment loss on an intangible asset

An impairment loss of approximately HK$2.6 million has been recognised in respect of suppliers relationship, which will be used in the Group's health supplements products business. The recoverable amount of the relevant asset has been determined on the basis of its value-in-use. It is determined that suppliers relationship were impaired, due to the amount of value-in-use lower than its carrying value.

Administrative expenses

Our administrative expenses decreased by approximately HK$3.1 million or 16.9% from approximately HK$18.3 million for the year ended 30 April 2020 to approximately HK$15.2 million for the year ended 30 April 2021.

Other gain/(loss)

Other gain was approximately HK$0.9 million for the year and 30 April 2021 which was arose from the disposal of the financial assets at fair value through profit or loss during the year.

Finance costs

Our finance costs decreased by approximately 7.4% from approximately HK$1.2 million for the year ended 30 April 2020 to approximately HK$1.1 million for the year ended 30 April 2021. The decrease was primarily attributed to the decrease in drawdown of bank borrowings for normal operation during the year.

Income tax (expense)/credit

Our income tax expense was changed from income tax credit of approximately HK$3.1 million for the year ended 30 April 2020 to approximately income tax expense of HK$1.1 million for the year ended 30 April 2021. The increase was primarily attributed to the net profits results for the year ended 30 April 2021.

Profit and total comprehensive income for the year attributable to owners of the Company

Profit/loss and total comprehensive income for the year attributable to owners of the Company was approximately HK$4.9 million for the year ended 30 April 2021.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 April	
	2021	2020
Current ratio	**2.6**	2.2
Gearing ratio*	**28.2%**	46.8%

* Calculated based on total debts at the end of the year divided by total equity at the end of the year. Total debts are defined to include bank borrowings.

The current ratio of the Group as at 30 April 2021 was 2.6 times as compared to that of 2.2 times as at 30 April 2020. The increase in current ratio was mainly due to decrease in bank borrowings and increase in bank balances and cash and pledged bank deposits. The gearing ratio of the Group as at 30 April 2021 was 28.2% as compared to that of 46.8% as at 30 April 2020. Such increase was primarily due to increase in bank borrowings during the year ended 30 April 2021.

The Group's finance department closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. The finance department takes into account the trade receivables, trade payables, cash on hand, bank borrowings, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finance its operations through a combination of owner's equity, internally generated cash flows net proceeds from the share offer of the Company's shares in listing, other reserve and bank borrowings from the international banks, other reserve and bank borrowing.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2021 (2020: nil).

PLEDGE OF ASSETS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OF LOSS

As at 30 April 2021, the Group pledged its bank deposit to a bank of HK$21.1 million as collaterals to secure bank facilities granted to the Group. Save for the above disclosed, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 April 2021, performance bonds of approximately HK$5.5 million (2020: approximately HK$3.8 million), were given by the bank in favour of some of our customers as security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If our Group fails to provide satisfactory performance to our customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. Our Group will then become liable to compensate such bank accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds were granted under the banking facilities. As at 30 April 2021, in the opinion of the Directors, it was not probable that a claim would be made against our Group under the guarantees, and hence no provision for such guarantees was made in respect of the aforesaid performance bonds.

EVENT AFTER THE REPORTING PERIOD

On 28 June 2021, Standard Dynamic Enterprises Limited (the "Selling Shareholder"), the controlling shareholder (as defined under the Listing Rules) of the Company entered into a memorandum of understanding (the "MOU") with two individuals (the "Potential Purchasers", a term which shall include their respective nominees), regarding the possible sale and purchase of 480,034,002 shares in the issued share capital of the Company, representing 60.00% of the total issued shares of the Company as at the date of this announcement. The MOU sets forth the understanding between the Selling Shareholder and the Potential Purchasers (collectively, the "Parties") and certain preliminary terms in relation to the Possible Share Disposal. For further details of the Disposal, please refer to the Company's announcement dated 28 June 2021.

Saved as disclosed in this announcement, there were no important events after the Reporting Period and up to the date of this announcement.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VETURES

Discloseable Transactions

On 20 February 2020, the Company entered into a subscription agreement with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") pursuant to which the Company agreed to subscribe for an investment fund (AB American Income Portfolio (Fund Code: U62381)) (the "Portfolio") from HSBC for an aggregate amount of HK$16,000,000 with no fixed term, which was financed by the temporary idle internal funds of the Company. Details of the subscription of an investment fund has been set out in the announcement of the Company dated 30 July 2020.

On 25 September 2020, the Company redeemed the interest in the Portfolio. HSBC paid the Company at a total amount of approximately HK$14,979,000, which represents the latest available net asset value attributable to the Portfolio invested by the Company. Subject to the fulfillment of the conditions precedent, completion of the above mentioned redemption took place on 25 September 2020. Details of the redemption of an investment fund has been set out in the announcement of the Company dated 25 September 2020.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the above mentioned transactions exceeded 5% but were below 25%, the transactions constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

During the year, the Group completed the acquisition of the entire equity interests in Greenleaf Enterprises Pte. Ltd.

Save as disclosed herein, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 April 2021.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on the Listing Date and have been transferred from GEM to the Main Board of the Stock Exchange on 14 February 2019. There has been no change in the capital structure of the Group since that Listing Date. The capital of the Group only comprises of bank borrowings, net of bank balances and cash, issued share capital and reserves.

SIGNIFICANT INVESTMENTS

As at 30 April 2021, there was no significant investment held by the Group (2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

FOREIGN CURRENCY EXPOSURE

During the year ended 30 April 2021, the Group's monetary assets and transactions were mainly denominated in HK$. The Group's exposure to exchange rate fluctuation was not significant and therefore the Group currently does not have a foreign currency hedging policy.

EMPLOYEES AND EMOLUMENT POLICY

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to build good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Directors believe such initiatives have contributed to increasing productivity and efficiency.

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contributions to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company adopted the share option scheme (the "Share Option Scheme") to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

As at 30 April 2021, the Group employed 54 employees, the total staff costs amounted to approximately HK$29.1 million (2020: HK$28.8 million). The Company maintains the Share Option Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the Share Option Scheme.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Li Shing Kuen Alexander (李誠權), aged 61, is an executive Director, chairman of our Board and our chief executive officer. Mr. Li is responsible for the strategic planning and overall management of business operations and development of our Group. Mr. Li founded our Group when he acquired Windmill Engineering Company Limited on 30 June 1985. Mr. Li was appointed as a Director on 25 August 2016, and re-designated as an executive Director and appointed as chairman of the Board on 29 November 2016. He is also the sole director of Success Chariot Limited, Golden Chariot International Limited and Windmill Engineering Company Limited.

Mr. Li has over 31 years of managerial experience in the fire services installation and maintenance industry gained from managing and developing our Group's business. He oversees the project planning, project management and execution of our fire services installation and maintenance projects, directs our business development and acts as a representative in our Group's communications with industry associations, key customers, government representatives and regulatory agencies. Mr. Li was awarded the Chief Executive's Commendation for Community Service in 2007, the Medal of Honour (MH) by The Chief Executive of the HKSAR in 2012 and Bronze Bauhinia Star (BBS) by The Chief Executive of the HKSAR in 2019 for his outstanding and dedicated community service in Wan Chai District.

He was appointed as the Chairman of District Fire Safety Committee (Wan Chai District) of the Home Affairs Department from 2010 to 2013, a non-official member of the Advisory Committee under the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong) appointed by the Director of Fire Services from 2011 to 2017 and the Chairman of the District Fight Crime Committee (Wan Chai District) of the Home Affairs Department from 2014 to 2019.

Mr. Ma Ting Wai Barry (馬庭偉), aged 55, is an executive Director and is responsible for strategic planning and business development of the Group. Mr. Ma graduated from the University of Southern California with a Bachelor of Science degree in Computer Science. He has over 30 years of experience gained in the Asia Pacific and the Greater China region, ranging from technical to the sales and marketing function of multinational companies, including a number of Fortune 500 companies. He is an entrepreneur with extensive experience in direct investments and business development and strategic planning. Mr. Ma was an executive director of Miricor Enterprises Holdings Ltd ("Miricor") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Stock Code: 01827), where he was principally responsible for overseeing Miricor's business expansion and the development and maintenance of IT systems and resigned as an executive director of Miricor with effect from 1 July 2020.

Biographical Details of Directors and Senior Management

Non-executive Director

Mr. Chan Ming Fai (陳明輝), aged 59, was appointed as a non-executive Director on 29 April 2020. Mr. Chan is a non-executive Director. Mr. Chan holds a bachelor's degree in Social Sciences with major in Economics from the University of Hong Kong. He has over 30 years of experience in investment banking and asset management. He is currently an independent business consultant. Prior to that, Mr. Chan was the Chief Executive Officer of Full Seas Technology Group and the President of Dandelion Capital Group, which is a private financial advisory company. Mr. Chan has worked for Jardine Fleming Investment Management with a major responsibility to market unit trusts and asset management products in Hong Kong and subsequently in various Asian markets, and was particularly instrumental in the establishment of Jardine Fleming's investment trust operation in Japan, Korea and Indonesia.

Mr. Chan also co-founded the KGI Group, which is a pan-Asian investment bank with shareholders including major investors and institutions in Asia, where he was the head of the asset management operation which managed about USD400 million in hedge funds and other portfolios, and was also a member of the management committee of KGI Group. He is currently an independent non-executive director of China Ecotourism Group Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 01371). Mr. Chan was an independent non-executive director of Burwill Holdings Limited ("Burwill") (a company listed on the Main Board of the Stock Exchange, Stock Code: 00024) from 2011 to 2018. On 21 November 2019, pursuant to an order of the High Court of Hong Kong, joint and several liquidators were appointed in respect of Burwill. Mr. Chan was also a non-executive director of Alita Resources Limited (formerly known as Alliance Mineral Assets Limited) ("Alita") from 14 December 2018 to 10 July 2019. Alita is listed on the Australian Securities Exchange (ASX: A40) and the Singapore Exchange Limited (SGX: 40F). Alita was placed into administration on 28 August 2019 and remains in administration.

Independent non-executive Directors

Mr. Pun Kin Wa (潘建華), aged 59, was appointed as an independent non-executive Director on 27 March 2017. Mr. Pun graduated from The University of Hong Kong with a Bachelor of Social Sciences degree with a major in Management Studies in November 1984 and obtained a Master of Science in Electronic Commerce and Internet Computing degree in December 2003. Mr. Pun has been a member of the Hong Kong Institute of Certified Public Accountants since February 1988.

Mr. Pun has over 33 years of experience in auditing, advising on financial investments and managing operations of various financial institutions. He started working as an Audit Assistant of Peat Marwick International from 1984 to 1986. He was an Assistant Manager of International Bank of Asia Limited from 1986 to 1987 and Citicorp Scrimgeour Vickers Hong Kong Limited from 1987 to 1989. From 1989 to 1997, Mr. Pun worked at Morgan Stanley Asia Limited and his last position held was vice president, during which he took on major management tasks in regional expansion. Between 1997 and 2003, Mr. Pun served as the Chief Financial Officer and a director of KG Investments Holdings Limited, a holding company of a financial group engaging in the provision of financial services and investment products. Between 2003 and 2006, Mr. Pun served as the responsible officer or licensed representative for various companies, which include KGI Asia Limited, Sage Asset Management (HK) Limited and Pine Street Partners Limited. Between 2006 and 2008, Mr. Pun served as a director of Sage Capital Limited. Mr. Pun has been the chief advisor of KGI Asia Limited, a regional financial services group in Hong Kong, since 2008.

From 2006 to 2015, Mr. Pun served as a non-executive director of Advanced Engine Components Limited (now known as Ookami Limited), a company listed on the Australian Securities Exchange.

Biographical Details of Directors and Senior Management

Mr. Tsang Man Biu (曾文彪), aged 58, was appointed as an independent non-executive Director on 27 March 2017. Mr. Tsang graduated from The University of Hong Kong with a Bachelor of Arts degree in Architectural Studies in November 1985 and a Bachelor of Architecture degree in November 1987. Mr. Tsang has over 31 years of experience in the architectural service industry, focusing on architectural design for new buildings, large scale alteration projects, statutory submissions, building contract administration, interior fitting out design and building works supervision in Hong Kong.

Mr. Tsang has been a Registered Architect in Hong Kong since January 1991 and an Authorised Person (List of Architects) under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) since March 1990. He was qualified as Class 1 Registered Architect in the PRC in August 2004 and as an ISO 9001:2000 and ISO 9001:2002 series Lead Auditor since April 2006. He was accredited as a BEAM Professional by the Hong Kong Green Building Council Limited in September 2014. He has been a member of the Hong Kong Institute of Architects since December 1989 and an associate member of the Hong Kong Institute of Arbitrators since April 2001. Mr. Tsang passed the Guangdong Province Building Code Examination in October 2011.

Mr. Tsang acquired TMB Architects Ltd (formerly known as City Resources Development Limited) in December 1992 and he has been serving as its director in the architectural practice since then. Mr. Tsang has gained extensive project experience from acting as an Architect and an Authorised Person for numerous development projects and renovation projects in Hong Kong.

Mr. Tsang has been the professional advisor to seven Hong Kong and international design competitions held by the Housing Department, Water Supplies Department, Architectural Services Department and Civil Engineering Development Department. Mr. Tsang is currently a member of the Authorized Persons', Registered Structural Engineers' and Registered Geotechnical Engineers' Disciplinary Board Panel appointed by Planning and Lands Branch of Development Bureau. Mr. Tsang was a member of Wan Chai District Fight Crime Committee from 2014 to 2018. He is also a member of Panel of Review Boards on School Complaint of Education Bureau. He was appointed as an observer of the Independent Police Complaints Council by the Security Bureau of the government of the Hong Kong Special Administrative Region from April 2017 to March 2021. He was appointed a convener of Panel of Advisers on Building Management Disputes, a member of the Town Planning Appeal Board Panel and the Appeal Tribunal Panel under the Buildings Ordinance, the Authorized Persons Registration Committee Panel, the Contractors Registration Committee Panel and the School Management Committee of King's College. He was a director of Pok Oi Hospital for the years of 1998 and 1999.

Biographical Details of Directors and Senior Management

Mr. Lee Kwok Tung Louis (李國棟), aged 53, was appointed as an independent non-executive Director on 27 March 2017. Mr. Lee was awarded Bachelor of Economics by Macquarie University, Australia in April 1993. Mr. Lee was admitted as a Certified Practising Accountant of the CPA Australia in June 1996 and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") in October 1999. Mr. Lee is currently a Fellow Certified Practising Accountant of the CPA Australia and a Fellow Certified Public Accountant of the HKICPA. Mr. Lee has possessed extensive experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993.

Mr. Lee is currently an independent non-executive director of the following listed companies, namely CGN Mining Company Limited (stock code: 01164), Redsun Properties Group Limited (stock code: 01996) Fusen Pharmaceutical Company Limited (stock code:01652), ZONBONG LANDSCAPE Environmental Limited (stock code: 01855) and TUS International Limited (stock code: 00872), which are listed on the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 08238), Zhong Ao Home Group Ltd (stock code: 01538), Worldgate Global Logistics Limited (stock code: 08292) and China Singyes New Materials Holding Limited (stock code: 08073), which are listed on the Stock Exchange, for the periods from January 2015 to May 2016, from November 2015 to July 2017, from June 2016 to June 2019 and from June 2017 to December 2019 respectively.

SENIOR MANAGEMENT

Ms. Ma Man Chi (馬敏姿), aged 37, has been our financial controller since May 2019, responsible for financial reporting, financial planning and analysis, treasury, taxation, internal controls and compliance with financial regulations. Ms. Ma joined the Group in November 2018 as Assistant Financial Controller. She has extensive experience in accounting and auditing, specifically more than 10 years of experience from the engineering and construction industry. Prior to joining the Group, Ms. Ma served PricewaterhouseCoopers and has leaded audit engagements and capital market transactions for multinational corporations and sizable listed companies in Hong Kong. Ms. Ma is a fellow member of the Hong Kong Institute of Chartered Public Accountants and holds a bachelor's degree of Business Administration in Accounting from the Open University of Hong Kong.

Biographical Details of Directors and Senior Management

Mr. Tang Wai Yin (鄧偉賢), aged 48, has been our head of Project since October 2020. Mr. Tang joined our Group as a project manager in March 2016 and was promoted to the position of construction manager in March 2018. Mr. Tang is primarily responsible for overall project management which includes quality control, master progress monitoring, value enhancement, overall site administration and site safety.

Mr. Tang graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a Higher Certificate in Mechanical Engineering in November 1993. Mr. Tang has over 17 years of experience in the fire engineering field. Mr. Tang is a holder of the Construction Industry Safety Training Certificate. Mr. Tang joined our Group in February 1996 as a project engineer and was responsible for handling various systems of fire services installation, site supervision, design, testing and commissioning. Mr. Tang left our Group in August 2007 and worked for Thorn Security (Hong Kong) Limited as project engineer and senior project engineer from September 2008 to September 2013. Mr. Tang was our project manager from October 2013 to 2014. He worked for Tyco Fire, Security & Services (Macau) Limited as an assistant project manager from May 2014 to December 2015.

Mr. Lam Tai Ming (林泰銘), aged 51, has been a senior project manager of the Group since April 2014. Mr. Lam is primarily responsible for project execution which includes site supervision, and liaison with customers and relevant site agents, etc.

Mr. Lam has over 21 years of experience in the fire engineering field. Mr. Lam joined the Group in January 1995 as an assistant engineer and he was promoted to his current position in April 2014. Mr. Lam obtained from the Vocational Training Council an Ordinary Certificate in Electrical Engineering in September 1999 and a Higher Certificate in Building Services Engineering in July 2005. Mr. Lam is a holder of the Certificate for Safety and Health Supervisor (Construction) awarded by the Occupational Safety & Health Council in November 1999. He is a Class 3 Registered Fire Service Installation Contractor registered with the Fire Services Department since June 2012, an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department (EMSD). Mr. Lam received from the Labour Department an Attendance Certificate in legal requirements of working in confined space in August 1996 and an Attendance Certificate in construction sites safety regulations in November 1996.

Biographical Details of Directors and Senior Management

Mr. Sin Kam Hung (冼錦雄), aged 53, has been a project manager of the Group since June 2014. Mr. Sin is primarily responsible for project execution which includes site supervisory, liaison with customers and relevant site agents. Mr. Sin obtained a Higher Certificate in Building Services Engineering from the Vocational Training Council in July 2001. He is an electrical worker (Grade H) registered with the Electrical and Mechanical Services Department (EMSD).

Mr. Sin has over 21 years of experience in fire engineering field. Mr. Sin joined the Group in June 1989 as a technician and he was promoted to project engineer in 1995. Mr. Sin had left the Group in December 2001 and worked for Guardian Property Management Limited as a technical supervisor from February 2002 to October 2005 and The Hong Kong Jockey Club as a technical services engineer from November 2005 to May 2014.

Ms. Leung Wan Yi (梁尹儀), aged 53, has been an administration manager of the Group since November 2016. Ms. Leung is primarily responsible for overseeing daily support operations and performing administrative duties. She joined our Group in October 1986 as a junior accounts clerk and was promoted to accounts clerk in February 1989. She was the account manager from January 2012 to October 2016.

Ms. Leung completed a 9-month full-time business secretarial studies course and received a diploma in business secretarial studies from the Professional & Business Youth Department of the Hong Kong Young Women's Christian Association in May 1986. She attended a higher accounting course organised by Caritas Adult Educational Centre from July 1986 to January 1987. She obtained a Certificate of Internal QMS Auditor from SGS United Kingdom Limited in April 2003 and a Certificate of Achievement — Integrated Management System: Internal Auditor for ISO 9001, ISO 14001 and OHSAS 18001 from SGS Hong Kong Limited in July 2012.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as risk management and internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise returns for the Shareholders.

The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the year ended 30 April 2021 and up to the date of this report except for the code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Please refer to the section headed "CHAIRMAN AND CHIEF EXECUTIVE OFFICER" below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Listing Rules. Specific enquiries have been made with all Directors, all Directors declared that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 30 April 2021.

THE BOARD

The Board currently consists of six Directors, comprising two executive Directors, namely, Mr. Li Shing Kuen Alexander and Mr. Ma Ting Wai Barry, one non-executive Director, namely, Mr. Chan Ming Fai and three independent non-executive Directors, namely, Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the Shareholders as a whole.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, risk management and internal control systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

During the year ended 30 April 2021 and up to the date of this report, five Board meetings were held to, among other matters, review past financial and operating performance to consider the opinions recommended by Board committees, and discuss the Group's overall strategies and policies. Besides, one shareholders' meeting of the Company (i.e. the annual general meeting of the Company (the "Annual General Meeting") held on 29 October 2020) was held. The attendance records of the Directors at the aforesaid board meetings and Shareholders' meeting are set out as follows:

Name of Directors	Attendance/ Number of meetings Board Meetings	Shareholders' Meetings
Executive Directors		
Mr. Li Shing Kuen Alexander *(Chairman)*	5/5	1/1
Mr. Ma Ting Wai Barry	5/5	1/1
Non-Executive Director		
Mr. Chan Ming Fai	5/5	1/1
Independent Non-Executive Directors		
Mr. Pun Kin Wa	5/5	1/1
Mr. Tsang Man Biu	5/5	1/1
Mr. Lee Kwok Tung Louis	5/5	1/1

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All non-executive Directors, including the independent non-executive Directors, are appointed for a term of three years commencing from the Listing Date and are subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company (the "Articles"), at least one-third of the Directors are subject to retirement by rotation at an Annual General Meeting at least once every three years. Any Director appointed by the Board shall hold office until the next following general meeting of the Company. According, the retiring Directors, including Mr. Pun Kin Wa and Mr. Lee Kwok Tung Louis, being eligible, shall offer themselves for re-election by the Shareholders in the forthcoming Annual General Meeting.

RESPONSIBILITY OF THE BOARD

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support are in place for the Group to achieve its objectives. The functions and duties conferred on the Board include convening Shareholders' meetings, reporting on the work of the Board to the Shareholders at Shareholders' meetings as may be required by applicable laws, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and applicable laws. The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group in which the management should report back or obtain prior Board approval. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The independent non-executive Directors bring a variety of experience and expertise to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board in compliance with code provision D.3.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense. All Directors also have access to the company secretary of the Company (the "Company Secretary") who is responsible for ensuring that the Board procedures and all applicable rules and regulations are followed. To provide an opportunity to the Directors to include matters for discussion in the agenda, at least 14 days' notice of a regular Board meeting is given to all Directors. An agenda and accompanying Board committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient details of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by the Directors.

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the year ended 30 April 2021, the Company had arranged to provide trainings to all the Directors. One of the topics of the external courses the Directors had participated was analyzed director's securities dealings and case study of notifiable transactions. The table below summaries the participation of the Directors in continuous professional development during the year ended 30 April 2021 and up to the date of this report.

Name of Directors	Training organised by professional organizations	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Li Shing Kuen Alexander *(Chairman)*	✓	✓
Mr. Ma Ting Wai Barry	✓	✓
Non-executive Director		
Mr. Chan Ming Fai	✓	✓
Independent Non-executive Directors		
Mr. Pun Kin Wa	✓	✓
Mr. Tsang Man Biu	✓	✓
Mr. Lee Kwok Tung Louis	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Li Shing Kuen Alexander ("Mr. Li") is the chairman of the Board and the chief executive officer of the Company. Given that Mr. Li has been leading the operations and management of our Group since 1985 when the Group was founded by him and taking into consideration our current scale of operations and management structure, the Board believes that it is more appropriate to have Mr. Li performing both functions of the chief executive officer and leader of the Board for more efficient management and strategic planning of the Group. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in the circumstances and currently does not propose to separate the functions of the chairman and the chief executive officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions; in particular, they bring an impartial view to bear on issues arising from the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of all the Shareholders can be taken into account, and the interests of the Company and the Shareholders can be protected.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non–executive Directors representing at least one-third of the Board.

Among the three independent non-executive Directors, Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis have appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non–executive Directors in accordance with Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs:

AUDIT COMMITTEE

The Company has established its audit committee (the "Audit Committee") with terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. The Audit Committee has four members comprising the Company's three independent non-executive Directors, namely Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis and one non-executive Director, Mr. Chan Ming Fai. The chairman of the Audit Committee is Mr. Pun Kin Wa.

During the year ended 30 April 2021, four meetings of the Audit Committee were held to review and discuss with the external auditor and the management of the Company on the annual audit planning, the accounting principles and practices adopted by the Group, the draft consolidated financial statements for the year ended 30 April 2021 and up to the date of this report as well as risk management and internal control systems and other financial reporting matters. The attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held
Mr. Pun Kin Wa *(Chairman)*	4/4
Mr. Tsang Man Biu	4/4
Mr. Lee Kwok Tung Louis	4/4
Mr. Chan Ming Fai	4/4

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") with terms of references in compliance with the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The Remuneration Committee comprises Company's three independent non–executive Directors, namely Mr. Tsang Man Biu, Mr. Pun Kin Wa and Mr. Lee Kwok Tung Louis and one non-executive Director, Mr. Chan Ming Fai. The chairman of the Remuneration Committee is Mr. Tsang Man Biu.

During the year ended 30 April 2021 and up to the date of this report, two meetings of the Remuneration Committee were held to, amongst others, review, approve and to make recommendations to the Board on the remuneration packages of the Directors and senior management of the Company (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Tsang Man Biu *(Chairman)*	2/2
Mr. Pun Kin Wa	2/2
Mr. Lee Kwok Tung Louis	2/2
Mr. Chan Ming Fai	2/2

For the year ended 30 April 2021, the emoluments of the senior management are within the following band:

	Number of senior management
HK$0 to HK$500,000	0
HK$500,001 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	2

Pursuant to Appendix 16 of the Listing Rules, the emoluments of the employees who are Directors and who are amongst the five highest paid individuals are set out in notes 12 and 13 to the consolidated financial statements, respectively.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with terms of references in compliance with the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination Committee comprises two executive Directors, namely Mr. Li Shing Kuen Alexander and Mr. Ma Ting Wai Barry and three independent non-executive Directors, namely Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The chairman of the Nomination Committee is Mr. Li Shing Kuen Alexander.

The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity, at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible to consider and recommend to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy (as defined below), so as to develop and review measurable objectives for the implementing the Board Diversity Policy (as defined below) and to monitor the progress on achieving these objectives.

The Nomination Committee has reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

The Board has adopted the nomination policy (the "Nomination Policy") on 21 November 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "Board Diversity Policy") on 27 March 2017 in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

During the year ended 30 April 2021, one meeting of the Nomination Committee was held. The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Li Shing Kuen Alexander *(Chairman)*	1/1
Mr. Tsang Man Biu	1/1
Mr. Lee Kwok Tung Louis	1/1
Mr. Ma Ting Wai Barry	1/1
Mr. Pun Kin Wa	1/1

Risk Management Committee

The Company has established a risk management committee (the "Risk Management Committee") with written terms of reference in accordance with the CG Code. The primary duties of the Risk Management Committee are to advise the Board on risk-related issues, to oversee the risk management framework to identify and deal with the risks faced by our Group, to review reports on risks and breaches of risk policies, as well as the effectiveness of the Company's risk control and/or mitigation plans. The Risk Management Committee consists of two executive Directors, namely Mr. Li Shing Kuen Alexander and Mr. Ma Ting Wai Barry. The chairman of the Risk Management Committee is Mr. Li Shing Kuen Alexander.

During the year ended 30 April 2021, four meetings of the Risk Management Committee were held. The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Li Shing Kuen Alexander *(Chairman)*	4/4
Mr. Ma Ting Wai Barry	4/4

Directors' and Auditor's Responsibility for the Consolidated Financial Statements

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Group so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. The consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The reporting responsibilities of external auditor of the Company are disclosed in "Independent Auditor's Report".

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, SHINEWING (HK) CPA Limited for the year ended 30 April 2021, is set out as follows:

Nature of Services	**Fee paid/payable** HK$'000
Annual audit service	530,000
Non-audit services	100,000
Total	630,000

Note: The non-audit services include agreed-upon procedures on interim results.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year ended 30 April 2021, the Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the Listing Rules.

COMPANY SECRETARY

The Company has entered into a service contract with an external service provider, pursuant to which Ms. Ho Wing Yan ("Ms. Ho") was appointed as the Company Secretary. Ms. Ma Man Chi, the financial controller of the Company, is the primary corporate contact person of the Company with Ms. Ho.

Being the Company Secretary, Ms. Ho plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. Ms. Ho is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors.

Ms. Ho is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho continues to study professional course of corporate governance and has extensive experience in the company secretarial field for listed companies. Ms. Ho is also a holder of the Practitioner's Endorsement issued by The Hong Kong Institute of Chartered Secretaries. According to Rule 3.29 of the Listing Rules, Ms. Ho took more than 15 hours of relevant professional training for the year ended 30 April 2021.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An Annual General Meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an Annual General Meeting, shall be called an extraordinary general meeting (the "EGM").

To convene an EGM

Pursuant to article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one 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.

Procedures by which enquiries may be put to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "Policy") on 27 March 2017. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings of the Company, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Procedures for putting forward proposals at general meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than 21 days before the meeting; and

(ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with necessary procedures.

Communication with Shareholders

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and investors of the Company. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors of the Company and the shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.windmill.hk. The Directors and members of various board committees will attend the Annual General Meeting to answer questions raised by the Shareholders. The resolutions of every important proposal will be proposed at general meetings separately.

Voting at general meetings of the Company are conducted by way of poll in accordance with the Main Board Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media to keep them informed of the Group's strategy, operations, management and plans, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

Dividend Policy

The Board has adopted the dividend policy (the "Dividend Policy") on 21 November 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

Constitutional Documents

There was no significant change in the constitutional documents of the Company during the year ended 30 April 2021.

Environmental, Social and Governance Report

GENERAL

This report covers environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 30 April 2021 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Main Board Rules (the "ESG Reporting Guide").

The Board is responsible for our ESG strategy and reporting while our management is responsible for monitoring and managing ESG-related risks and the effectiveness of our ESG management systems. In order identify key ESG matters of the Group, we have engaged our business functions to review the operations and to assess the ESG matters relating to our business and the stakeholders. Disclosures relating to the material ESG issues identified have been included in this ESG Report pursuant to the General Disclosure requirements of the ESG Reporting Guide.

As a registered fire service installation contractor, the Group's main business engaged in installation, maintenance, repairs or inspection of fire safety systems. Our business has insignificant impacts on the environment in terms of wastewater, waste pollutants, air pollutants, hazardous waste and packaging materials. Therefore, disclosures relating to these aspects, as set forth in the ESG Reporting Guide, are not applicable to the Group and so have not been made.

GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

The Directors believe that it is essential for the Group to be environmentally responsible, and to meet the customers' demand for environmental protection and the expectation of the community for a healthy living and working environment. In this connection, we have set up an environmental management system, which was awarded with ISO14001:2015 certification by SGS Hong Kong Limited, to promote environmental awareness and to prevent pollution of the environment.

Emissions

Since the Group principally engaged in installation, maintenance, repairs or inspection of fire safety systems, we did not generate air emissions nor hazardous waste during our operations in the Reporting Period. The major non-hazardous waste produced from our business activities is mainly paper consumed for administrative purposes. The Group is dedicated to protect the environment by taking all actions which are feasible in its office operating boundaries including recycling paper, reusing single-sided paper, avoiding necessary photocopying and printing but not limit to re-use of envelopes for internal use, and target to establish a paperless office by using electronic platforms and communication channels.

Greenhouse gas ("GHG") emissions

The Greenhouse gas ("GHG") emission from the Group is mainly from its purchased electricity consumed in daily office operations.

The total GHG emissions and intensity generated by Hong Kong office are as follows:

		2021	2020
Purchased Electricity	Total (kWh)	**30,647**	30,003
GHG emissions	Total (kg)	**19,308**	18,902
GHG emissions per employee	Total (kg/employee)	**358**	378

Notes:

1. The number of employees working in Hong Kong office is 54 as at 30 April 2021 (2020:50).

2. GHG emissions data is presented in carbon dioxide equivalent and was based on the article "How to prepare an ESG Report?" downloaded in The Stock Exchange of Hong Kong Limited's website.

Waste Management

The solid waste generated from the Group is mainly paper used for administrative purposes. During the year ended 30 April 2021 and 2020, the consumption volume generated by the Group is as below:

Non-hazardous waste category	**Year**	**Quantity**	**Unit**	**Intensity — Unit per employee**
Paper	2021	1.2849	Tonnes	26.2kg
	2020	1.011	Tonnes	20.2kg

Although those indirect emission from the office are very insignificant, we regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promote green information and electronic communication, such as e-mail and electronic workflows, to implement "paperless system" concept;
- Place "Green Message" reminders on office equipment;
- Utilise used envelopes and double-side printing. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary;
- Recommend the use of recycled paper.

Use of Resources

Energy Consumption

The Group is committed to have an environmental friendly working environment. The Group advocates to reduce the consumption of fuel, electricity, water and improving the resource efficiency by way of, inter alia, the following measures: i) the Group encourages its employees to switch off the lights and electronic appliances before they leave the office; ii) the Group encourages its employees to set the temperature range of the office's air conditioner from 23.5 to 25.5 Degree Celsius; and iii) the Group encourages its employees to save water and reduce domestic sewage and water-saving notices are placed in office area.

During the year ended 30 April 2021 and 30 April 2020, the total energy consumption by Hong Kong office and total energy consumption per employee in terms of electricity are as follows:

		2021	2020
Energy Consumption	Total (kWh)	**30,647**	30,003
Energy consumption per employee	Total (kWh/employee)	**568**	600

Water Consumption

Water consumption is relatively low in the Group. Much of our water consumption is for basic cleaning and sanitation. The majority of the water supply facilities are provided on our rental premises, and the usage have been included in the management fees. Nonetheless, we emphasize water saving to our staff through staff education.

The Environmental and Natural Resources

Although the core business of the Group has remoted impact on the environment and natural resources, the Group is committed to making continuous improvements in environmental and social responsibility in order to meet the changing needs of our society. We also regularly provides internal trainings and briefings in order to spread the practical tips and information about the environmental friendly action to its management and employees in order to minimize the impact of the business on the environment.

EMPLOYMENT

We believe that our employees are important assets to our Group. We make our best efforts to attract and retain appropriate and suitable personnel. We assess our available human resources on a continuous basis and will determine the need to recruit additional personnel to cope with our business development from time to time. We arrange training to new employees to familiarize themselves with the applicable rules and regulations and their job duties and requirements. We also provide them with our employees' handbook for our internal working guidelines.

HEALTH AND SAFETY

The ISO accreditations demonstrate that we have achieved an international standard of quality management in an environmentally friendly manner. We actively implement our commitment to OHSAS 18001 since 27 August 2010 and replaced by ISO45001:2018 since 3 June 2021 (Occupational Safety and Health) standards by setting internal guidelines that align to stringent performance indicators. We emphasize the health and safety of our employees and we are committed to providing a safe and healthy working environment for the benefits of our employees and our subcontractors. To this end, we have established in-house rules and safety measures for our employees and our subcontractors' employees to observe at project sites, in order to promote a safe and healthy working environment and to ensure compliance with the applicable laws and regulations. Such rules and safety measures include, among others:

- Proper procedures for carrying out different types of works, such as lifting of heavy objects, cutting of materials and use of electricity and electrical devices;

- Proper procedures for operating and handling different types of machinery and equipment; and

- The use of proper personal protective equipment, such as safety helmets, safety gloves and breathing masks, under different circumstances.

During the year ended 30 April 2021, the Group has not identified any material non-compliance cases relating to health and safety.

DEVELOPMENT AND TRAINING

The Group emphasize on continuing education and quality training of our staff to enhance their work performance. We offer training programs to our employees, which are designed to develop their skills to meet our enterprise goals and our customers' requirements. These include, for example, safety supervisor training program and Class 3 portable fire extinguisher training program.

LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong) and fully understands the employing child labour and forced labour is prohibited. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all employment relationship is established on a voluntary basis. During the year ended 30 April 2021, the Group has not identified any non-compliance cases involving child labour and forced labour.

SUPPLY CHAIN MANAGEMENT

Sustainable Procurement

To ensure that our installation and maintenance services for fire safety systems meet the ISO9001:2015 quality standard, we normally assign at least one project manager and one project engineer with relevant certifications and/or academic qualifications on a full time basis for each of our projects for quality assurance. In respect of the quality of the materials used, we maintain a list of approved suppliers. We assess and evaluate the industry qualification, job and project reference, business scale, on-time delivery, financial stability and compliant history of the suppliers to determine whether a supplier is eligible for inclusion in the list of approved suppliers. We maintain a list of approved subcontractors. We assess and evaluate the work quality, site management and work planning, time management, work safety track record, financial strength and stability, environmental awareness and cooperativeness with third parties of the subcontractors to determine their eligibility for inclusion in the list of approved subcontractors. We generally engage subcontractors in the list of approved subcontractors to ensure the quality of the subcontracted works.

PRODUCTS RESPONSIBILITY

The Group recognizes the importance of the quality of the services provided by our Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures for complying with the applicable laws and regulations.

The Group communicates and confirms the work plan with customers before the commencement of the project and actively monitors processes and coordinates with the customers. During the year ended 30 April 2021, the Group has not received any material complaints or request to terminate projects due to poor quality and safety. If a complaint arises, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

During the year ended 30 April 2021, the Group has not identified any non-compliance cases relating to product responsibility.

ANTI-CORRUPTION

The Group realizes the importance of staff integrity. The Group strictly forbids any bribery, extortion, fraud and money laundering activities. We have established the Code of Conduct ("CoC") for all employees. With reference to the Prevention of Bribery Ordinance (Cap. 201 of the laws of Hong Kong), advice from the Independent Commission Against Corruption (ICAC), industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure.

Employees are also required to comply strictly with applicable laws relating to the above acts. The Group has adopted and circulated internally clear guidelines for employees. During the year ended 30 April 2021, the Group has not received any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above.

COMMUNITY INVOLVEMENT

The Group is making its best effort in contributing to the community. The Group actively seeks opportunities to repay society and in hope of creating a better living environment for local community.

Report of the Directors

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 30 April 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries of the Company are set out in note 39 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 April 2021 is set out in the sections of Chairman's Statement, Management Discussion and Analysis, Environment, Social and Governance Report, Financial Summary and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. Important events affecting the Group occurred since the end of the year are mentioned under "Events after the reporting period".

PRINCIPAL RISKS AND UNCERTAINTIES

The following lists out the key risks and uncertainties facing the Group. The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

i. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;

ii. We depend on our suppliers for materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;

iii. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;

iv. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;

v. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;

vi. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;

vii. Expiry, withdrawal, revocation, downgrading and/or failure to renew any of our various registrations and certifications would adversely affect our operations and financial results; and

viii. There is no guarantee that we would not be subject to any claims in relation to defects of our works, which may result in further costs to make good the defects, and/or deduction of the retention monies to be released and/or claims from our customers against us.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

An analysis of the Group's financial risk management (included credit risk, and liquidity risk) objectives and policies are provided in note 6(b) to the consolidated financial statements.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

For installation projects, our customers mainly include well-established main contractors, who are engaged by property developers/site owners, Government departments or Government-related organisations for construction or renovation projects in Hong Kong. Sometimes, Government departments and Government-related organisations may engage us directly for the installation of fire safety system.

For maintenance projects, our customers mainly include Government departments, Government related organisations and property management companies. The years of business relationship with the Group ranged from 3 to 5 years and the credit terms granted to the major customers ranged from 30 to 60 days. Up to the date of this report, approximately 47% of the trade receivables from the major customers has been settled. Details of the trade receivables of the Group as at 30 April 2021 are set out in note 19 to the financial statements.

We maintain close and stable relationships with our major customers. However, due to the business nature, our business operation is project-based and we do not have any long-term contracts with our major customers. To cope with this situation, we maintain our relationships with our customers by ensuring the quality of our services, renewing our qualifications and licences required to carry out installation and maintenance services of fire safety systems, and maintaining our professional reputation in the industry.

We strive to strengthen our market position in the fire safety industry in Hong Kong. We aim to have continuous active participation in providing installation services for fire safety system work in public sectors and also the advanced fire safety system work in private sectors such as data centres for telecommunication companies. We also actively establish rapport with potential customers from time to time, introducing our expertise and experience in the industry and showing our interest in being one of their approved sub-contractors.

We believe that our ability to maintain our services at a high standard would improve customer satisfaction and in turn enhance our capability to compete with other industry peers in the future.

Our Group generally allows a credit period of 30 – 60 days to our customers. Please refer to the note 19 to the consolidated financial statements for more details of the trade receivables of our Group as at 30 April 2021.

During the year, our Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material disputes with our customers.

Suppliers and Subcontractors

We maintain a list of approved suppliers. We assess and evaluate the industry qualification, job and project reference, business scale, on-time delivery, financial stability and compliant history of the suppliers to determine whether a supplier is eligible for inclusion in the list of approved suppliers. We generally procure materials from suppliers in the list of approved suppliers to ensure the quality of the materials supplied.

We maintain a list of approved subcontractors. We assess and evaluate the work quality, site management and work planning, time management, work safety track record, financial strength and stability, environmental awareness and cooperativeness with third parties of the subcontractors to determine their eligibility for inclusion in the list of approved subcontractors. We generally engage subcontractors in the list of approved subcontractors to ensure the quality of the subcontracted works.

Our major suppliers are generally manufacturers for the pipe and fittings, and had business relationship with the Group for over 3 years on average. Up to the date of this report, approximately 98% of the trade payable to the major suppliers has been settled.

As we have not entered into any long-term contracts with our major subcontractors, there is no assurance that our major subcontractors will continue to provide services to our Group at fees acceptable to us or that we can maintain our business relationship with them in the future. We have not entered into long term agreements with our suppliers too and will only make purchase orders on a project basis.

Close relationships with a stable list of reliable subcontractors and suppliers would enable us to obtain quotes and prepare tender documents in an efficient manner. It would also enable us to provide quality work in a timely manner, whereby we can procure the necessary services and supplies as and when they are needed from time to time, reducing the risk of shortage or delay in delivery of services causing disruption to our works or delay in the relevant project as a whole. We believe that our reputation in the industry of on-time settlement of accounts payable helps us to build a stable network of quality suppliers and subcontractors. We have therefore cultivated long term and well-established relationships with the major subcontractors and suppliers of fire safety system equipment in Hong Kong.

The credit terms granted by suppliers and subcontractors were generally within 30 to 60 days. The payables were usually settled within the credit period. Please refer to the note 24 to the consolidated financial statements for more details of the trade and retention payables of our Group as at 30 April 2021.

Our Group did not have any significant disputes with our major suppliers and subcontractors during the year ended 30 April 2021.

Employees

We believe that our employees are important assets to our Group. We use our best efforts to attract and retain appropriate and suitable personnel. We assess the available human resources on a continuous basis and will determine the need to recruit additional personnel to cope with our business development from time to time. We also emphasise on continuing education and quality training of our staff to enhance their work performance. We offer training programmes to our employees, which are designed to develop their skills to meet our enterprise goals and our customers' requirements. These include, for example, safety supervisor training programme and Class 3 portable fire extinguisher training programme.

Our Group offers attractive remuneration packages to our employees, which include salary, discretionary bonuses and allowance. We determine the salaries of our employees mainly on the basis of their qualifications, experience, position and seniority.

Our Group has maintained good relationship with our employees. We has not experienced any strikes, work stoppages or labour disputes which affected our operations during the year ended 30 April 2021. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the year ended 30 April 2021.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 April 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

No final dividend in respect of the year ended 30 April 2020 and interim dividend in respect of the six months ended 31 October 2020 were declared.

No final dividend has been paid or proposed by the Company during the year ended 30 April 2021, nor has any dividend been proposed since the end of the reporting period.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Group's top five customers accounted for approximately 52.1% of the total revenue. The top five suppliers and subcontractors accounted for approximately 45% and 61% of the total cost of services respectively for the year. In addition, the Group's largest customer accounted for approximately 29.1% of the total revenue and the Group's largest supplier and subcontractor accounted for approximately 13% and 25% of the total cost of services respectively for the year.

At no time during the year have the Directors, their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's shares) had any interest in these major customers and suppliers.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 30 April 2021 and the consolidated financial position of the Group as at 30 April 2021 are set out in the consolidated financial statements on pages 58 to 125.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2021 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 30 April 2021, the Company's reserves available for distribution to shareholders amounted to approximately HK$46.1 million, comprising accumulated losses of approximately HK$12.6 million and share premium of approximately HK$58.6 million. Under Cayman Islands law, the Company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the Company is able to pay it debts as they fall due in the ordinary course of business.

PLANT AND EQUIPMENT

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

DONATIONS

During the year, the Group did not make charitable and other donations (2020: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

Report of the Directors

DIRECTORS

The Directors during the year ended 30 April 2021 and up to the date of this report are:

Executive Directors

Mr. Li Shing Kuen, Alexander *(Chairman and Chief Executive Officer)*
Mr. Ma Ting Wai Barry

Non-executive Director

Mr. Chan Ming Fai

Independent non-executive Directors

Mr. Pun Kin Wa
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

Biographical information of the Directors and senior management of the Group are set out from pages 12 to 17 of this annual report.

Pursuant to article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an Annual General Meeting at least once every three years.

Accordingly, Mr. Pun Kin Wa and Mr. Lee Kwok Tung Louis, being the Directors to retire in rotation will be eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company with no fixed term. The non–executive Director and each of the independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of one year, all commencing from 1 May 2020. The service contracts and appointment letters may be terminated in accordance with the terms of the individual service agreement, and is subject to termination provisions therein and retirement and re-election at the Annual General Meetings in accordance with the Articles or any other applicable laws from time to time whereby he/she shall vacate his/her office.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

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

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 30 April 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year ended 30 April 2021.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in notes 12 and 13 to the consolidated financial statements respectively.

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

As at 30 April 2021, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

(i) The Company

Name of Director	Capacity/ Nature of Interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Ma Ting Wai Barry ("Mr. Ma") (Note)	Interests in controlled corporation	Long position	119,965,998	15.00%

(ii) Associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Long/Short position	Approximate percentage of shareholding in the associated corporation
Mr. Ma	Smart Million (BVI) Limited ("Smart Million") (Note)	Beneficial owner	Long position	100%

Note: Smart Million is 100% beneficially owned by Mr. Ma. By virtue of the SFO, Mr. Ma is deemed to be interested in the shares held by Smart Million under the SFO.

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year and up to the date of this annual report was the Company, or its holding company, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures, of the Company or its associated corporations (with the meaning of Part XV of the SFO).

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

As at 30 April 2021, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the share and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of Shareholder	Capacity/ Nature of Interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the Company
Standard Dynamic Enterprises Limited (Note 1)	Beneficial Owner	Long position	480,034,002	60.00%
Mr. Ma Ting Hung (Note 2)	Interests in controlled corporation	Long position	480,034,002	60.00%
Smart Million (BVI) Limited ("Smart Million") (Note 3)	Beneficial Owner	Long position	119,965,998	15.00%
Ms. Leung Wing Ci Winnie ("Ms. Leung")	Interests of spouse (Note 5)	Long position	119,965,998	15.00%

Notes:

1. The entire issued share capital of Standard Dynamic Enterprises Limited is wholly and beneficially owned by Mr. Ma Ting Hung who is deemed to be interested in the shares held by Standard Dynamic Enterprises Limited.

2 Standard Dynamic Enterprises Limited is wholly and beneficially owned by Mr. Ma Ting Hung. By virtue of the SFO, Mr. Ma Ting Hung is deemed to be interested in all the shares in which Marvel Paramount is interested or deemed to be interested under the SFO.

3. Smart Million is wholly and beneficially owned by Mr. Ma. By virtue of the SFO, Mr. Ma is deemed to be interested in the shares held by Smart Million under the SFO.

4. Ms. Leung is the spouse of Mr. Ma. By virtue of the SFO, Ms. Leung is deemed to be interested in all the shares in which Mr. Ma is interested or deemed to be interested under the SFO.

Save as disclosed above, as at 30 April 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 30 April 2021.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the Shareholders passed on 27 March 2017 and became unconditional upon the listing of the Company's shares on the Stock Exchange. The principal terms of which are set out in the paragraph headed "Share Option Scheme" under the section headed "Statutory and General Information" of the Prospectus.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, clients, business partners and service providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion, offer options to subscribe to such number of shares in accordance with the terms set out in the Share Option Scheme to the following persons (the "Participants"): any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, client, business partner or service provider of the Group.

The maximum 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 schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at 18 April 2017, i.e. 80,000,000 shares. No option may be granted to any Participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued shares from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant under the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before 1 month after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day;

(ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and

(iii) the nominal value of the Company's share on the date on which the option is granted.

The Share Option Scheme shall be valid and effective for a period of 10 years from 27 March 2017, after which no further options will be granted or offered. The remaining life of the Share Option Scheme is 6 years.

No share option was granted, exercised, cancelled or lapsed during the year ended 30 April 2021 and there is no outstanding share option under the Share Option Scheme.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 80,000,000, representing 10% of the issued shares of the Company.

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the year are set out in note 36(a) to the consolidated financial statements. The listing of the Company took place in 2017. For the year ended 30 April 2021, certain related party transactions disclosed in note 35(a) to the consolidated financial statements constitute de minimis continuing connected transactions of the Company under Rule 14A.26 of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

Save as disclosed above, there were no other transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company for the year ended 30 April 2021.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the public float required by the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at 30 April 2021 or at any time during the year ended 30 April 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the annual report, as at 30 April 2021, none of the Directors or their close respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BANK BORROWINGS

The amount of bank borrowings of the Group as at 30 April 2021 is approximately HK$31,137,000 (2020: HK$51,175,000).

HUMAN RESOURCES AND EMOLUMENT POLICY

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up to review the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company maintains a Share Option Scheme to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Please refer to the paragraphs headed "Share Option Scheme" in this report for details of such scheme.

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Group also provides fire and production safety training to production staff. The Directors believe such initiatives have contributed to increased productivity and efficiency.

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEMES

Details of contributions to the retirement benefits schemes of the Group are set out in note 31 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the shares of the Company during the year ended 30 April 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 30 April 2021 and up to the date of this report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary section on page 126 of this report.

ANNUAL GENERAL MEETING

The Annual General Meeting for the year ended 30 April 2021 is scheduled to be held on Friday, 29 October 2021. A notice convening the Annual General Meeting has been issued and despatched to the Shareholders on 31 August 2021.

AUDITOR

The consolidated financial statements for the year ended 30 April 2021 were audited by SHINEWING (HK) CPA Limited who retires and, being eligible, offers itself for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Li Shing Kuen Alexander
Chairman

29 July 2021

Independent Auditor's Report

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF WINDMILL GROUP LIMITED
海鑫集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of WINDMILL Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 125 , which comprise the consolidated statement of financial position as at 30 April 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. 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.

ACCOUNTING FOR CONSTRUCTION CONTRACTS

Refer to note 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue from design, supply and installation services of approximately HK$175,399,000 for the year ended 30 April 2021. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes. Contract revenue is recognised progressively over time using the output method, based on the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Management reviews and revises the estimates of contract revenue prepared for each construction contract as the contract progresses based on the construction progress and the certifications issued by the customers. We identified accounting for construction contracts as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and budgeted costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.	Our procedures were designed to review the management's judgements and estimates used in accounting for construction contracts. We have assessed whether the contract revenue recognised were reasonable through reviewing the key estimates and assumptions adopted in the forecasts for contract revenue and budgeted costs including estimated costs to completion and the recognition of variation orders, by obtaining and evaluating relevant information in connection with the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations. We have compared the contract revenue recognised during the year, on a sample basis, with reference to the certifications issued by customers or payment applications by the Group's in-house surveyors.

IMPAIRMENT OF TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to notes 19 and 20 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 30 April 2021, the carrying amounts of trade receivables and contract assets were approximately HK$33,966,000 and HK$59,400,000 respectively, which represented approximately 19% and 33% of total assets of the Group respectively. The Group recognised impairment loss of HK$7,168,000 during the year ended 30 April 2021. Management judgement is involved in assessing the forward looking expected credit loss. Management estimated the level of expected losses, by assessing future cash flow for trade receivables and contract assets based on historical credit loss experience by customers and applying to the trade receivables and contract assets held at the end of the reporting period. The impact of economic factors both current and future is considered in assessing the likelihood of recovery from customer, where applicable. We have identified the trade receivables and contract assets as a key audit matter in view of the significance of their carrying amounts and the involvement of the management's judgements and estimates, which may be subject to management bias.	Our procedures were designed to review the management's assessment on the expected credit loss ("ECL") of the trade receivables and contract assets. We have reviewed and assessed the application of the Group's policy for calculating the ECL. We have evaluated the methodologies, inputs used by the management to estimate the impairment of trade receivables and contract assets and evaluated the techniques and methodology under the ECL model. We have also assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded 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 OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- conclude on the appropriateness of the Company's 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.

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

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, related safeguards.

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 this independent auditor's report is Chui Yiu Cheong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chui Yiu Cheong
Practising Certificate Number: P07219

Hong Kong
29 July 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**197,598**	152,851
Cost of sales		**(170,144)**	(143,100)
Gross profit		**27,454**	9,751
Other income	7	**3,825**	490
Impairment loss on trade receivables	19	**(7,168)**	(12,832)
Impairment loss on intangible asset	17	**(2,641)**	–
Administrative expenses		**(15,234)**	(18,258)
Other gain (loss)	8	**926**	(1,698)
Finance costs	9	**(1,156)**	(1,249)
Profit (loss) before taxation		**6,006**	(23,796)
Income tax (expense) credit	10	**(1,119)**	3,143
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	11	**4,887**	(20,653)
Earnings (loss) per share:			
Basic and diluted (HK cents)	15	**0.61**	(2.58)

Consolidated Statement of Financial Position

As at 30 April 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Plant and equipment	16	**947**	759
Intangible assets	17	**1,185**	152
Right-of-use assets	18	**1,263**	244
Deferred tax asset	28	**2,374**	3,544
Deposits	21	**380**	4,395
		6,149	9,094
Current assets			
Trade receivables	19	**33,966**	41,296
Contract assets	20	**59,400**	76,120
Deposits, prepayments and other receivables	21	**8,598**	4,972
Tax recoverable		**381**	330
Financial asset at fair value through profit or loss	22	**–**	14,053
Pledged bank deposits	23	**21,097**	5,066
Bank balances and cash	23	**51,223**	44,880
		174,665	186,717
Current liabilities			
Trade and retention payables	24	**31,020**	31,174
Contract liabilities	20	**658**	–
Accruals and other payables	25	**1,979**	3,242
Lease liabilities	18	**1,131**	231
Bank borrowings	26	**31,137**	51,175
		65,925	85,822
Net current assets		**108,740**	100,895
Total assets less current liabilities		**114,889**	109,989
Non-current liabilities			
Long service payment obligations	27	**–**	83
Lease liabilities	18	**96**	–
		96	83
Net assets		**114,793**	109,906
Capital and reserves			
Share capital	29	**8,000**	8,000
Reserves		**106,793**	101,906
Total equity		**114,793**	109,906

The consolidated financial statements on pages 58 to 125 were approved and authorised for issue by the board of directors on 29 July 2021 and are signed on its behalf by:

Li Shing Kuen, Alexander *Director*	**Ma Ting Wai Barry** *Director*

Consolidated Statement of Changes In Equity

For the year ended 30 April 2021

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
At 1 May 2019	8,000	50,585	10,148	61,826	130,559
Loss and total comprehensive expense for the year	–	–	–	(20,653)	(20,653)
At 30 April 2020 and 1 May 2020	8,000	50,585	10,148	41,173	109,906
Profit and total comprehensive income for the year	–	–	–	4,887	4,887
At 30 April 2021	8,000	50,585	10,148	46,060	114,793

Note: Other reserve represented the difference between the aggregate nominal value of the issued share capital of subsidiaries pursuant to a group reorganisation over the aggregate consideration paid for acquiring/subscribing these subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 30 April 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**6,006**	(23,796)
Adjustments for:		
Depreciation of plant and equipment	**326**	278
Depreciation of right-of-use assets	**1,216**	1,316
Amortisation of intangible assets	**641**	43
(Gain) loss on disposal on plant and equipment	**(5)**	19
Recognition of impairment loss on trade receivables	**7,168**	12,832
Impairment loss on intangible asset	**2,641**	–
(Reversal of) provision for long service payments	**(83)**	14
Bank interest income	**(31)**	(163)
Dividend income	**(324)**	(130)
Government grant	**(2,820)**	–
Finance costs	**1,156**	1,249
Loss on fair value change of financial asset at FVTPL	**–**	1,698
Gain on disposal on financial asset at FVTPL	**(926)**	–
Operating cash flows before movements in working capital	**14,965**	(6,640)
Decrease (increase) in trade receivables	**162**	(20,779)
Decrease in contract assets	**16,720**	48,493
Increase in deposits, prepayments and other receivables	**(4,006)**	(2,654)
Decrease in trade and retention payables	**(154)**	(13,513)
Increase in contract liabilities	**658**	–
(Decrease) increase in accruals and other payables	**(1,263)**	1,288
Cash generated from operations	**27,082**	6,195
Hong Kong Profits Tax paid	**–**	(6,901)
Interest received	**31**	163
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**27,113**	(543)
INVESTING ACTIVITIES		
Dividend received	**324**	130
Purchases of financial asset at FVTPL	**–**	(15,751)
Proceed on disposal of financial asset at FVTPL	**14,979**	–
Deposit paid for acquisition of a subsidiary	**–**	(4,395)
Purchase of plant and equipment	**(514)**	(397)
Purchase of intangible assets	**–**	(195)
Net cash inflow on acquisition of a subsidiary	**80**	–
Proceed on disposal of property, plant and equipment	**5**	1
Withdrawal of pledged bank deposits	**5,066**	15,964
Placement of pledged bank deposits	**(21,097)**	(8,018)
NET CASH USED IN INVESTING ACTIVITIES	**(1,157)**	(12,661)

Consolidated Statement of Cash Flows

For the year ended 30 April 2021

	2021 HK$'000	2020 HK$'000
FINANCING ACTIVITIES		
Drawdown of bank borrowings	**172,652**	132,656
Repayment of bank borrowings	**(192,690)**	(97,772)
Repayment of lease liabilities	**(1,262)**	(1,329)
Interest paid	**(1,133)**	(1,249)
Government grant received	**2,820**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(19,613)**	32,306
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,343**	19,102
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**44,880**	25,778
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**51,223**	44,880

1. CORPORATE INFORMATION

WINDMILL Group Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 August 2016. Its ultimate holding company and immediate holding company is Standard Dynamic Enterprises Limited, which is incorporated in the British Virgin Islands (the "BVI"). The shares of the Company were listed on Main Board of The Stock Exchange of Hong Kong (the "Stock Exchange") on 14 February 2019.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong respectively.

The Company is an investment holding company while the principal subsidiary, Windmill Engineering Company Limited ("Windmill Engineering"), is mainly engaged in design, supply and installation of fire safety systems for buildings under construction or re-development, maintenance and repair of fire safety systems for built premises and trading of fire service accessories.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the "Group").

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2020:

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

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

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

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year as detailed in note 36 and concluded that such acquisition is not accounted for as a business.

Amendments to HKAS 1 and HKAS 8, Definition of Material

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

The application of these amendments in the current year had no impact on the consolidated financial statements.

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

New and amendments to HKFRSs issued 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 related Amendments[5]
Amendments to HKFRS 3	Reference to Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use[4]
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract[4]
Amendment to HKFRSs	Annual improvement to HKFRSs 2018-2020 cycle[4]

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

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

3 Effective for annual periods beginning on or after 1 April 2021.

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

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

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

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

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

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

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical cost basis at the end of each reporting period.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these 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.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Business combinations or asset acquisitions

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets and liabilities acquired assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct 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 and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract assets

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

The Group recognised revenue from the following major sources:

- Construction contract for design, supply and installation services
- Construction contract for maintenance and repair services
- Trading of fire service accessories

Construction contracts

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

When the outcome of a construction contract for design, supply and installation can be reasonably measured, revenue from the contract is recognised over time using the output method, i.e. based on the proportion of the work performed relative to the remaining work promised under the contact. When the outcome of a construction contract for maintenance and repair services can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. 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 an onerous contract. An onerous contract exists when 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.

Trading of fire service accessories

Revenue from trading of fire service accessories is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of fire service accessories).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Output method)

Revenue from design, supply and installation services is recognised over time.

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from maintenance and repair services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Variable consideration

For the consideration promised in a contract includes variations in contract work, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised services to a customer.

The Group estimates an amount of variable consideration by using either the expected value method or the most likely amount method, depending on which method the Group expects to better predict the amount of consideration to which it will be entitled.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs (i.e. sales commissions) as an asset if it expects to recover these costs.

The Group incurs costs (including subcontracting cost, labour costs, materials and consumables and others) to fulfil a contract in its services contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognised an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

***The Group as lessee** (Continued)*

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee *(Continued)*

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Allocation of consideration to components of a contract

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

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Lease modification

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

***The Group as lessee** (Continued)*

Lease modification (Continued)

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

Borrowing costs

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

Retirement benefits costs

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

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liability recognised in respect of long service payment is measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any gains or losses arising on remeasurement are recognised directly in profit or loss.

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 as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 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.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

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

Depreciation is recognised so as to allocate the cost of items of plant and equipment over their estimated useful lives, using the straight line method. The estimated useful lives 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 losses on plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of the CGUs for which a reasonable and consistent allocation can be identified.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) 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 the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term bank deposit with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposit as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the 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 Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest methods

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Financial assets at amortised cost (debt instruments) (Continued)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 7).

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'Other gain (loss)' line item. Fair value is determined in the manner described in note 34(c).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost as well as contract assets and financial guarantee contract. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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. Forward-looking information considered various external sources of actual and forecast economic information that relate to the Group's operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- 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;
- significant increases in credit risk on other financial instruments of the same debtor.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

Despite the foregoing, the Group assumes that the credit risk on a 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 financial instrument is determined to have low credit risk if i) the financial instrument 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 the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the 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 borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. 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. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

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

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

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

Critical judgement in applying the accounting policies

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

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

Critical judgement in applying the accounting policies (Continued)

Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied the performance obligation over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers.

For business in design, supply and installation services and maintenance and repair service, the directors of the Company has assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

Key sources of estimation uncertainty

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

Revenue recognition

The Group recognises the revenue from design, supply and installation service over time based on output method by directly measuring the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Most construction works take 1 to 3 years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The construction works performed by the Group would be certified by the quantity surveyors of the customers or payment applications from the in-house surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the construction progress and the certification issued by the customers.

The Group recognises revenue from provision of maintenance and repair services over time based on input method by measuring the progress towards complete satisfaction of the relevant performance obligation. The progress is determined based on the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The Group is required to estimate the total service costs of each project in measuring the Group's progress towards complete satisfaction of a performance obligation. The computation of the progress and estimation of total service costs for each project require the use of judgement and estimates.

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

Key sources of estimation uncertainty (Continued)

Estimated impairment of trade receivables, other receivable and contract assets

The impairment provisions for trade receivables, other receivables and contract assets are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. 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 consolidated statement of profit or loss and other comprehensive income.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, other receivables and contract assets are disclosed in notes 34, 19, 21 and 20 respectively.

At 30 April 2021, the carrying amount of trade receivables, other receivables and contract assets are approximately HK$33,966,000 (2020: HK$41,296,000), HK$8,978,000 (2020: HK$9,367,000) and HK$59,400,000 (2020: HK$76,120,000) respectively. The Group recognised impairment loss of HK$7,168,000 (2020: HK$12,832,000), nil (2020: nil) and nil (2020: nil) for trade receivables, other receivables and contract assets respectively for the year ended 30 April 2021.

Estimated useful life and impairment of plant and equipment, intangible assets and right-of-use assets

At the end of each reporting period, the directors of the Company review the estimated useful life of plant and equipment, intangible assets and right-of-use assets with finite useful life. The carrying amounts of plant and equipment, intangible assets and right-of-use assets were approximately HK$947,000, HK$1,185,000 and HK$1,263,000 (2020: HK$759,000, HK$152,000 and HK$244,000) respectively.

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

During the year ended 30 April 2021, impairment loss recognised in respect of intangible asset was approximately HK$2,641,000 (2020: Nil). Details of the impairment of intangible asset are disclosed in note 17. No impairment loss for plant and equipment and right-of-use assets was recognised for both years.

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

Key sources of estimation uncertainty (Continued)

Provision for guarantees contracts in respect of performance bonds

As disclosed in note 32, the Group had provided the guarantees in respect of performance bonds in favour of its client. The directors of the Company use their estimates in assessing the default rate of these guarantee contracts and considered if provision was required at the end of the reporting period. The assessment was reference to the historical experience on the default rate of the similar performance bonds and the amount of claims against the performance bonds by the clients.

Based on the assessment performed by the directors of the Company, no provision was required to be recognised in respect of these guarantees contracts of approximately HK$5,496,000 (2020: HK$3,843,000) at 30 April 2021.

5. REVENUE

Revenue represents the revenue arising on services provided and sales of goods in the normal course of business. An analysis of the Group's revenue for the year is as follows:

	2021 **HK$'000**	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines:		
– Revenue from design, supply and installation services	**175,399**	132,894
– Revenue from maintenance and repair services	**22,071**	19,711
– Trading of fire service accessories	**128**	246
	197,598	152,851

Disaggregation of revenue by timing of recognition:

	2021 **HK$'000**	2020 HK$'000
Timing of revenue recognition		
At a point in time	**128**	246
Over time	**197,470**	152,605
	197,598	152,851

5. REVENUE (Continued)

Transaction price allocated to the remaining performance obligations

As at 30 April 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$664,331,000 (2020: HK$477,144,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 12-36 months. (2020: next 12-24 months)

6. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on the design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance. The CODM monitors the revenue from the engagement in design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises with no discrete information available to the CODM. The CODM reviews the profit for the year of the Group as a whole for performance assessment.

Geographical information

The Group's revenue from external customers based on the location of the operation is derived solely in Hong Kong (place of domicile). Non-current assets of the Group based on the location of assets are all located in Hong Kong. Accordingly, no analysis by geographical information is presented.

Information about major customers

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

	2021 **HK$'000**	2020 HK$'000
Customer A	**61,004**	N/A*
Customer B	**N/A***	50,267
Customer C	**N/A***	19,366
Customer D	**N/A***	16,690

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

7. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	**31**	163
Dividend income	**324**	130
Gain on exchange difference	**581**	–
Gain on disposal on plant and equipment	**5**	–
Government grant (note (a))	**2,820**	–
Others	**64**	197
	3,825	490

Note:

(a) During the year 30 April 2021, the Group recognised government grants of approximately HK$2,820,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

8. OTHER GAIN (LOSS)

	2021 HK$'000	2020 HK$'000
Loss on fair value change of financial asset at FVTPL	**–**	(1,698)
Gain on disposal on financial asset at FVTPL	**926**	–
	926	(1,698)

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
– bank overdrafts	**47**	54
– bank borrowings	**1,086**	1,176
– lease liabilities	**23**	19
	1,156	1,249

10. INCOME TAX EXPENSE (CREDIT)

	2021 HK$'000	2020 HK$'000
Current tax:		
Hong Kong Profits Tax	–	–
(Over) under provision in prior years:		
Hong Kong Profits Tax	(51)	430
Deferred taxation (note 28)	1,170	(3,573)
	1,119	(3,143)

No tax is payable on the profit for the year ended 30 April 2021 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. No Hong Kong Profits Tax has been provided since no assessable profits have been generated during the year ended 30 April 2020.

Pursuant to the rules and regulation of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

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

	2021 HK$'000	2020 HK$'000
Profit (loss) before taxation	6,006	(23,796)
Tax calculated at the domestic income tax rate applicable to respective local tax jurisdictions	991	(3,926)
Tax effect of income not taxable for tax purpose	(524)	(27)
Tax effect of expenses not deductible for tax purpose	63	12
Tax effect of tax losses not recognised	640	368
(Over) under provision in respect of prior years	(51)	430
Income tax expense (credit) for the year	1,119	(3,143)

Details of the deferred taxation are set out in note 28.

11. PROFIT (LOSS) FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs		
– Salaries, allowances and other benefits	**23,899**	20,181
– Contributions to the MPF Scheme	**789**	711
– (Reversal of) provision for long service payments	**(83)**	14
Total staff costs (excluding directors' emoluments (note 12))	**24,605**	20,906
Auditor's remuneration	**530**	530
Amount of inventories recognised as expenses	**31,038**	38,389
Amortisation of intangible assets	**641**	43
Depreciation of plant and equipment	**326**	278
(Gain) loss on disposal on plant and equipment	**(5)**	19
Depreciation of right-of-use assets	**1,216**	1,316

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to 6 (2020: 6) directors, including the chief executive of the Company, were as follows:

For the year ended 30 April 2021

	Fee HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonuses HK$'000 (Note)	Contributions to the MPF Scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Li Shing Kuen, Alexander	–	1,200	–	18	1,218
Mr. Ma Ting Wai Barry[1]	–	2,355	–	18	2,373
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Non-executive director:					
Mr. Chan Ming Fai[1]	400	–	–	–	400
Independent non-executive directors:					
Mr. Pun Kin Wa	180	–	–	–	180
Mr. Tsang Man Biu	180	–	–	–	180
Mr. Lee Kwok Tung Louis	180	–	–	–	180
	940	3,555	–	36	4,531

[1] Appointed on 1 May 2020

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

The emoluments paid or payable to 6 (2020: 6) directors, including the chief executive of the Company, were as follows: (Continued)

For the year ended 30 April 2020

	Fee HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonuses HK$'000 (Note)	Contributions to the MPF Scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Li Shing Kuen, Alexander	–	2,012	4,000	18	6,030
Mr. Poon Kwok Kay[1]	–	1,193	68	18	1,279
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Non-executive director:					
Mr. Cheung Wai Hung[1]	–	–	–	–	–
Independent non-executive directors:					
Mr. Pun Kin Wa	180	–	–	–	180
Mr. Tsang Man Biu	180	–	–	–	180
Mr. Lee Kwok Tung Louis	180	–	–	–	180
	540	3,205	4,068	36	7,849

1 Resigned on 1 May 2020

Note: Discretionary bonuses were determined by the directors of the Company, having regard to their individual performance and the Group's performance and profitability.

Mr. Li Shing Kuen, Alexander is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive of the Company.

No emoluments were paid or payable by the Group to the chief executive or any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2021 and 2020.

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emoluments paid by the Group during the years ended 30 April 2021 and 2020.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2020: two) were the chief executive and the directors of the Company whose emoluments are included in note 12 above. The emoluments of the remaining three (2020: three) individuals were as follows:

	2021	2020
	HK$'000	HK$'000
Salaries, allowances and other benefits	**4,461**	2,733
Discretionary bonuses (note)	**–**	659
Contributions to the MPF Scheme	**45**	54
	4,506	3,446

Note: Discretionary bonuses were determined by the directors of the Company, having regard to their individual performance and the Group's performance and profitability.

Their emoluments were within the following bands:

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

No emoluments were paid or payable by the Group to any of the five highest paid individuals, including the chief executive and the directors of the Company, as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 April 2021 (2020: nil).

14. DIVIDEND

No dividend has been paid or proposed by the Company during the years ended 30 April 2020 and 2021, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS (LOSS) PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings per share	**4,887**	(20,653)

Number of shares	**2021** **HK$'000**	2020 HK$'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	800,000

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 April 2021 and 2020.

16. PLANT AND EQUIPMENT

	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 May 2019	395	436	1,071	1,902
Additions	90	116	191	397
Disposal	–	–	(48)	(48)
At 30 April 2020 and 1 May 2020	485	552	1,214	2,251
Additions	–	143	371	514
Disposal	–	–	(105)	(105)
At 30 April 2021	485	695	1,480	2,660
ACCUMULATED DEPRECIATION				
At 1 May 2019	144	261	837	1,242
Charge for the year	94	78	106	278
Elimination on disposal	–	–	(28)	(28)
At 30 April 2020 and 1 May 2020	238	339	915	1,492
Charge for the year	97	92	137	326
Elimination on disposal	–	–	(105)	(105)
At 30 April 2021	335	431	947	1,713
CARRYING VALUES				
At 30 April 2021	150	264	533	947
At 30 April 2020	247	213	299	759

The above items of plant and equipment are depreciated on a straight-line method over their estimated useful lives at the following rates per annum:

Leasehold improvement	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

17. INTANGIBLE ASSETS

	Computer software HK$'000	Suppliers relationship HK$'000	Total HK$'000
COST			
At 1 May 2019	–	–	–
Additions	195	–	195
At 30 April 2020 and 1 May 2020	195	–	195
Acquired on acquisition of a subsidiary (note 36)	–	4,315	4,315
At 30 April 2021	195	4,315	4,510
AMORTISATION			
At 1 May 2019	–	–	–
Charge for the year	43	–	43
At 30 April 2020 and 1 May 2020	43	–	43
Charge for the year	65	576	641
Impairment loss recognised in profit or loss	–	2,641	2,641
At 30 April 2021	108	3,217	3,325
CARRYING VALUES			
At 30 April 2021	87	1,098	1,185
At 30 April 2020	152	–	152

The above intangible assets have finite life. Such intangible assets are amortised on a straight-line basis over the following periods:

Computer software	3 years
Suppliers relationship	2.5 years

During the year, the directors of the Company conducted a review of the Group's intangible assets and determined that suppliers relationship were impaired, due to the amount of value-in-use lower than its carrying value. Accordingly, impairment loss of approximately HK$2,641,000 has been recognised in respect of suppliers relationship, which will be used in the Group's health supplements products business. The recoverable amount of the relevant asset has been determined on the basis of its value-in-use. The discount rate in measuring the amount of value in use was 20.3% in relation to intangible asset.

18. LEASES

(i) Right-of-use assets

	2021	2020
	HK$'000	HK$'000
Office premise and warehouse	**1,263**	244

The Group has lease arrangements for office premise and warehouse. The lease terms are generally ranged from two to three years.

Additions to the right-of-use assets for the year ended 30 April 2021 amounted to approximately HK$2,235,000, due to new leases of office premise.

(ii) Lease liabilities

	2021	2020
	HK$'000	HK$'000
Non-current	**96**	–
Current	**1,131**	231
	1,227	231

Amounts payable under lease liabilities	**2021**	2020
	HK$'000	HK$'000
Within one year	**1,131**	231
After one year but within two years	**96**	–
	1,227	231
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,131)**	(231)
Amount due for settlement after 12 months	**96**	–

During the year ended 30 April 2021, the Group entered into a new lease arrangement in respect of office premise and recognised lease liability of approximately HK$2,235,000.

18. LEASES (Continued)

(iii) Amounts recognised profit or loss

	Year ended 30/4/2021 HK$'000	30/4/2020 HK$'000
Depreciation expense on right-of-use assets	**1,216**	1,316
Interest expense on lease liabilities (included in finance costs)	**23**	19
Interest expense on lease liabilities (included in cost of sales)	**23**	19

(iv) Others

During the year ended 30 April 2021, the total cash outflow for leases amount to approximately HK$1,308,000 (2020: HK$1,367,000).

Restrictions or covenants on leases

As at 30 April 2021, lease liabilities of approximately HK$1,227,000 (2020: HK$231,000) are recognised with related right-of-use assets of approximately HK$1,263,000 (2020: HK$244,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**53,966**	54,128
Less: impairment loss	**(20,000)**	(12,832)
	33,966	41,296

As at 1 May 2019, trade receivables from contracts with customers amounted to approximately HK$33,349,000.

19. TRADE RECEIVABLES (Continued)

The Group generally allows a credit period of 30 – 60 days (2020: 30 – 60 days) to its customers. The following is an ageing analysis of trade receivables, net of impairment, presented based on the date of progress certificates or completion certificates and invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2021	2020
	HK$'000	HK$'000
0 to 30 days	**18,570**	25,347
31 to 60 days	**745**	2,198
61 to 90 days	**122**	31
91 to 180 days	**14,429**	876
181 to 365 days	**66**	5,011
Over 1 year	**34**	7,833
	33,966	41,296

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 30 April 2021, impairment loss of approximately HK$7,168,000 (2020: HK$12,832,000) in respect of the trade receivables was recognised.

19. TRADE RECEIVABLES (Continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed individually for credit-impaired debtors and collectively for not credit-impaired debtors based on provision matrix:

At 30 April 2021	Average loss rate	Gross carrying amount	Impairment loss
	%	HK$'000	HK$'000
Not credit-impaired:			
Current (not past due)	*	17,291	–
Less than 1 month past due	*	2,024	–
1 to 2 months past due	*	122	–
2 to 3 months past due	*	255	–
More than 3 months but less than 6 months past due	*	14,174	–
More than 6 months but less than 1 year past due	*	100	–
		33,966	–
Credit-impaired:			
Default receivables	100%	20,000	20,000
		53,966	20,000

* The weighted average expected loss rate is insignificant.

19. TRADE RECEIVABLES (Continued)

At 30 April 2020	Average loss rate	Gross carrying amount	Impairment loss
	%	HK$'000	HK$'000
Not credit-impaired:			
Current (not past due)	*	24,895	–
Less than 1 month past due	*	2,650	–
1 to 2 months past due	*	28	–
2 to 3 months past due	*	879	–
More than 3 months but less than 6 months past due	*	11	–
		28,463	–
Credit-impaired:			
Default receivables	50%	25,665	12,832
		54,128	12,832

* The weighted average expected loss rate is insignificant.

Movement in the loss allowance on trade receivables:

	2021	2020
	HK$'000	HK$'000
Balance at 1 May	**12,832**	–
Impairment loss recognised during the year	**7,168**	12,832
Balance at 30 April	**20,000**	12,832

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 **HK$'000**	2020 HK$'000
Analysed as current:		
Unbilled revenue of construction contracts (note a)	**34,629**	52,816
Retention receivables of construction contracts (note b)	**24,771**	23,304
Total contract assets	**59,400**	76,120

As at 1 May 2019, contract assets amounted to approximately HK$124,613,000.

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of service and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

(b) The Group also typically agrees to six to twelve months retention period for 2% 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. Except for the amount of approximately HK$14,209,000 (2020: HK$16,057,000) as at 30 April 2021, which was expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered or settled within one year. Contract assets are included in current assets as the Group expects to realise these within its normal operating cycle.

The significant decrease in contract assets in 2021 and 2020 is the result of the decrease in ongoing installation services at the end of the year.

For contract assets, the Group has applied the simplified approach permitted by HKFRS 9 to measure the allowance for credit losses at lifetime ECL. The contract assets are assessed for ECL by using the provision matrix, estimated based on historical credit loss experience based on the billing status of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The allowance for ECL on contract assets are insignificant to the Group as at 30 April 2020 and 2021.

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2021 HK$'000	2020 HK$'000
Construction contracts	**658**	–

Contract liabilities include advances received to render design, supply and installation services.

There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits (note a)	**597**	4,928
Prepayments	**385**	431
Advances to sub-contractors	**7,992**	4,008
Other receivable	**4**	–
	8,978	9,367
Analysed for reporting purpose as:		
Current assets	**8,598**	4,972
Non-current assets	**380**	4,395
	8,978	9,367

Note:

(a) On 25 October 2019, Golden Chariot International Limited, a wholly-owned subsidiary of the Company, entered into sale and purchase agreement with an independent third party (the "Seller") and conditionally agreed to acquire the 100% equity interest of Greenleaf Enterprises Pte. Ltd. ("Greenleaf"), a private company incorporated in Singapore. Deposit of USD550,000 (equivalent to approximately HK$4,395,000) had been paid to the Seller on 30 November 2019. The directors of the Company considered that the acquisition had not been completed at 30 April 2020 and the completion was conditional upon and subject to certain conditions set out in the announcement of the Company dated on 25 October 2019. On 1 January 2021, the acquisition was completed and the details are set out in note 36.

22. FINANCIAL ASSET AT FVTPL

	2021	2020
	HK$'000	HK$'000
Investment fund	**–**	14,053

The above financial asset at FVTPL is classified as held for trading. The fair value of investment fund was based on the value quoted by the broker based on underlying investment value at the end of the reporting period.

Change in fair value of financial asset at FVTPL is recognised in profit or loss and included in "Other gain (loss)" line item. Details of the fair value measurement of the investment are disclosed in note 34.

At 30 April 2020, the carrying amount of the financial asset at FVTPL which has been pledged as security for banking facility granted to the Group (note 26).

The Group had disposed of the investment fund during the year ended 30 April 2021 and recorded a realised gain of approximately HK$926,000 on disposal of the investment fund in note 8.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The balances are pledged to secure short-term bank borrowings and undrawn facilities and are therefore classified as current assets.

The pledged bank deposits carry fixed interest rate at 0.05% – 0.06% (2020: 1.35%) per annum.

Bank balances and cash

Bank balances carry interest at prevailing market rate during the years ended 30 April 2021 and 2020.

Details of impairment assessment of bank balances and pledged bank deposits are set out in note 34.

24. TRADE AND RETENTION PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**15,725**	22,134
Retention payables (note)	**15,295**	9,040
	31,020	31,174

Note: Except for the amount of approximately HK$6,271,000 (2020: HK$3,221,000) as at 30 April 2021, which was expected to be paid or settled after one year, all of the remaining balances are expected to be paid or settled within one year. Retention payables are included in current liabilities as the Group expects to pay or settle within its normal operating cycle.

The following is an ageing 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	**14,471**	17,872
31 to 60 days	**735**	2,643
61 to 90 days	**55**	7
91 to 180 days	**2**	678
over 180 days	**462**	934
	15,725	22,134

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by suppliers and subcontractors were stipulated in the relevant contracts and the payables were usually due for the settlement within 30 to 60 days (2020: 30 to 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame.

25. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	**983**	1,999
Provision and other payables	**996**	1,243
	1,979	3,242

26. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank borrowings – secured	**31,137**	51,175

Based on the scheduled repayment dates set out in the loan agreements, all outstanding bank borrowings are payable within one year.

As at 30 April 2021, secured bank borrowings with carrying amount of approximately HK$31,137,000 were secured by pledged bank deposits of the Group (2020: HK$51,175,000 were secured by financial asset at FVTPL and pledged bank deposits of the Group). Details are disclosed in note 22 and 23.

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

	2021 Effective interest rate	2021 HK$'000	2020 Effective interest rate	2020 HK$'000
Variable-rate borrowings	**2.80% – 2.81%**	**5,735**	3.69% – 4.03%	5,175
Fixed-rate borrowings	**2.18% – 2.24%**	**25,402**	3.18% – 4.83%	46,000
		31,137		51,175

The variable-rate borrowings carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2% (2020: HIBOR plus 2%). Interest is reset every month for the year ended 30 April 2021.

The bank borrowings were used to finance the Group's operation.

27. LONG SERVICE PAYMENT OBLIGATIONS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movement in long service payment obligations is as follows:

	2021 **HK$'000**	2020 HK$'000
At beginning of the year	**83**	69
(Credited) charged to profit or loss	**(83)**	14
At the end of the year	**–**	83

The obligation represents the management's best estimate of the Group's liability at the end of the reporting period.

28. DEFERRED TAXATION

The following are the major deferred tax asset (liability) recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	**Accelerated tax depreciation** HK$'000	**Total** HK$'000
At 1 May 2019	–	(29)	(29)
Credited to profit or loss (note 10)	3,560	13	3,573
At 30 April 2020 and 1 May 2020	3,560	(16)	3,544
Charged to profit or loss (note 10)	(1,085)	(85)	(1,170)
At 30 April 2021	2,475	(101)	2,374

28. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax asset (liability), after set off certain deferred tax asset against deferred tax liability of the same taxable entity, for financial reporting purposes:

	2021	2020
	HK$'000	HK$'000
Deferred tax asset	**2,475**	3,560
Deferred tax liability	**(101)**	(16)
	2,374	3,544

As at 30 April 2021, the Group has unused tax losses of approximately HK$21,111,000 (2020: HK$21,576,000) available for offset against future profits. Tax losses in Hong Kong are available for offsetting against future taxable profits of the companies in which the losses arose for an indefinite period. A deferred tax asset has been recognised in respect of HK$15,000,000 (2020: HK$21,576,000) of such losses. No deferred tax had been recognised in respect of the remaining approximately HK$6,111,000 (2020: approximately HK$2,232,000) due to unpredictability of future profit stream.

29. SHARE CAPITAL

	Number of ordinary shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	800,000,000	8,000

30. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), adopted pursuant to the written resolution passed on 27 March 2017 for the primary purpose of attracting and retaining the best available personnel and providing additional incentive to eligible persons, will expire on 18 April 2027. Under the Scheme, the board of directors may grant options to the eligible person, including employees (full-time and part-time), directors of the Company, consultants, advisers, distributors, contractors, suppliers, agents, clients, business partners and service providers of the Group, to subscribe for shares of the Company.

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 in excess of 0.1% of the shares of the Company in issue or with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option to the ten years from the date of grant subject to the provisions of early termination. The exercise price is determined by the board of directors of the Company, and shall be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

No share options are granted since the adoption of the Scheme and there are no outstanding share options as at 30 April 2021 and 2020.

31. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$825,000 (2020: HK$747,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period.

32. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had provided the following guarantees:

	2021 HK$'000	2020 HK$'000
Guarantees in respect of performance bonds in favour of its clients	**5,496**	3,843

In the opinion of the directors of the Company, it was not probable that a claim would be made against the Group under the guarantees. Therefore, no provision for such guarantee was made for the years ended 30 April 2021 and 2020.

33. 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 balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of lease liabilities and bank borrowings disclosed in note 18 and 26 respectively, net of bank balances and cash disclosed in note 23, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues, issue of new debts or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost (including bank balances and cash)	**106,883**	91,775
Financial asset at FVTPL	**–**	14,053
	106,883	105,828
Financial liabilities		
Financial liabilities at amortised cost	**63,410**	85,152

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, financial asset at FVTPL, pledged bank deposits, bank balances and cash, trade and retention payables, accruals and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk, credit 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.

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate pledged bank deposits (see note 23) and bank borrowings (see note 26). 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.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 23) and bank borrowings (see note 26). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank balances and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2020: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points (2020: 100 basis points) higher/lower and all other variables were held constant, the Group's post tax profit (2020: post tax loss) for the year ended 30 April 2021 would increase/decrease (2020: decrease/increase) by approximately HK$380,000 (2020: HK$332,000).

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk

As at 30 April 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from pledged bank deposits, bank balances and cash, trade receivables, contract assets, deposits and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the directors of the Company are responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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 collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) ***Credit risk*** *(Continued)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal and external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group's exposure to credit risk

In order to minimise credit risk, the management develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is obtained from the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) ***Credit risk*** *(Continued)*

The Group's exposure to credit risk (Continued)

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

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	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

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) ***Credit risk*** *(Continued)*

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

30/4/2021	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			HK$'000	HK$'000	HK$'000
Trade receivables (note a)	N/A	Lifetime ECL (simplified approach)	33,966	–	33,966
		Lifetime ECL (credit-impaired)	20,000	20,000	–
Contract assets (note a)	N/A	Lifetime ECL (simplified approach)	59,400	–	59,400
Rental deposits (note b)	Performing	12-month ECL	597	–	597
Other receivables (note b)	Performing	12-month ECL	7,996	–	7,996
Pledged bank deposits (note b)	Performing	12-month ECL	21,097	–	21,097
Bank balances and cash (note b)	Performing	12-month ECL	51,223	–	51,223
			194,279	20,000	174,279

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) ***Credit risk*** *(Continued)*

The Group's exposure to credit risk (Continued)

30/4/2020	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			HK$'000	HK$'000	HK$'000
Trade receivables (note a)	N/A	Lifetime ECL (simplified approach)	28,463	–	28,463
		Lifetime ECL (credit-impaired)	25,665	12,832	12,833
Contract assets (note a)	N/A	Lifetime ECL (simplified approach)	76,120	–	76,120
Deposits (note b)	Performing	12-month ECL	4,928	–	4,928
Other receivables (note b)	Performing	12-month ECL	4,008	–	4,008
Pledged bank deposits (note b)	Performing	12-month ECL	5,066	–	5,066
Bank balances and cash (note b)	Performing	12-month ECL	44,880	–	44,880
			189,130	12,832	176,298

Notes:

(a) For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, grouped by past due status.

(b) For rental deposits, other receivables, pledged bank deposits and bank balances and cash, the Group has assessed these balances using 12-month ECL basis as there was no significant increase in credit risk for these balances since initial recognition. The loss allowance at 30 April 2021 and 2020 was close to zero.

The Group's concentration of credit risk by geographical locations is solely in Hong Kong, which accounted for 100% (2020: 100%) of the total trade receivables and contract assets as at 30 April 2021.

As at 30 April 2021, the Group has concentration of credit risk as 29% and 1% (2020: 31% and 18%) respectively of the total trade receivables and contract assets was due from the Group's largest customer while 41% and 16% (2020: 71% and 71%) respectively of the total trade receivables and contract assets was due from the Group's five largest customers respectively.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

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

At 30 April 2021 and 2020, the Group's remaining maturity for its financial liabilities and lease liabilities is mainly within one year from the end of the reporting period. In the opinion of the directors of the Company, the carrying amounts of the financial liabilities are the same as the undiscounted cash flows based on the earliest date on which the Group can be required to pay and therefore, no further analysis is presented in the consolidated financial statements.

(c) Fair value measurements recognised in the consolidated statement of financial position

The Group's financial asset at FVTPL is measured at fair value at the end of each reporting period. The fair value of investment fund was based on the value quoted by the broker at the end of the reporting period (see note 22 for details).

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial assets recorded at amortised cost in the consolidated financial statements are not materiality different from their fair values due to insignificant impact of discounting.

The following table presents the carrying value of financial instruments measured at fair value across the three levels of the fair value hierarchy:

	30 April 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial asset at FVTPL	14,053	–	–	14,053

The above loss for the year ended 30 April 2020 recognised in profit or loss of HKHK1,698,000 was included in "Other gain (loss)" line item that was attributable to the change in unrealised loss relating to financial asset held at the end of the reporting period.

35. RELATED PARTY TRANSACTIONS

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

Related party	Relationship	Nature of transaction	2021 HK$'000	2020 HK$'000
Tradetech Suppliers Ltd. ("Tradetech")	Beneficial owned by the director of the Company, Mr. Poon Kwok Kay	Purchase of materials	–	1,078

Purchase of materials from Tradetech was conducted at terms determined on mutually agreed basis.

(b) Compensation to key management personnel

The remuneration paid to the directors of the Company, being the only key management personnel of the Group, during the year was as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	4,495	7,813
Post-employment benefits	36	36
	4,531	7,849

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

36. ACQUISITION OF A SUBSIDIARY UNDER ASSET ACQUISITION

On 1 January 2021, the Group completed the acquisition of the entire equity interests in Greenleaf for a cash consideration of USD550,000 (equivalent to approximately HK$4,395,000). The directors of the Company are of the opinion that the acquisition of Greenleaf is in substance an asset acquisition instead of a business combination, as the net assets of Greenleaf was mainly intangible asset and Greenleaf was inactive prior to the acquisition by the Group.

Assets acquired at the date of acquisition are as follows:

	HK$'000
Intangible asset	4,315
Bank balance and cash	80
	4,395

Net cash inflow on acquisition of Greenleaf	
Cash and cash equivalent balances acquired	80

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	**Bank borrowings**	**Bank overdraft**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2019	1,560	16,291	–	17,851
Financing cash flow	(1,348)	33,708	(54)	32,306
Finance costs	19	1,176	54	1,249
At 30 April 2020	231	51,175	–	51,406

	Lease liabilities	**Bank borrowings**	**Bank overdraft**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2020	231	51,175	–	51,406
Financing cash flow	(1,262)	(21,124)	(47)	(22,433)
Finance costs	23	1,086	47	1,156
New lease arrangement	2,235	–	–	2,235
At 30 April 2021	1,227	31,137	–	32,364

38. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
Non-current asset			
Investment in subsidiaries		**15,094**	15,094
Current assets			
Prepayments and other receivables		**290**	293
Amount due from subsidiaries	(a)	**45,925**	47,628
Bank balances and cash		**120**	87
		46,335	48,008
Current liability			
Accruals and other payables		**664**	1,673
Net current assets		**45,671**	46,335
Total assets less current liabilities		**60,765**	61,429
Capital and reserves			
Share capital	32	**8,000**	8,000
Reserves	(b)	**52,765**	53,429
Total equity		**60,765**	61,429

38. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) Amount due from subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

(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 May 2019	58,585	6,705	(9,199)	56,091
Loss and total comprehensive expense for the year	–	–	(2,662)	(2,662)
At 30 April 2020 and 1 May 2020	58,585	6,705	(11,861)	53,429
Loss and total comprehensive expense for the year	–	–	(664)	(664)
At 30 April 2021	58,585	6,705	(12,525)	52,765

Note: Other reserve represented the difference between the nominal value of issued share capital of the Company and the net assets value of a subsidiary of the Company arising from the completion of reorganisation on 30 September 2017.

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation or operation	Issue and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Group 2021 Direct	2021 Indirect	2020 Direct	2020 Indirect	Principal activities
Success Chariot Limited	The BVI	United States dollars $3	**100%**	**–**	100%	–	Investment holding
Golden Chariot International Limited	The BVI	United States dollars $50,000	**100%**	**–**	100%	–	Investment holding
Windmill Engineering	Hong Kong	HK$10,148,000	**–**	**100%**	–	100%	Design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises and trading of fire service accessories
Greenleaf Enterprises Pte. Ltd. (note 36)	Singapore	Singapore dollars $5	**100%**	**–**	N/A	N/A	Wholesale of health supplements products

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

Five-year Financial Summary

	Year ended 30 April				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**197,598**	152,851	248,289	223,407	171,449
Cost of sales	**(170,144)**	(143,100)	(208,435)	(185,040)	(144,431)
Gross profit	**27,454**	9,751	39,854	38,367	27,018
Other income	**3,825**	490	73	122	3
Impairment loss on trade receivables	**(7,168)**	(12,832)	–	–	–
Impairment loss on intangible asset	**(2,641)**	–	–	–	–
Administrative expenses	**(15,234)**	(18,258)	(9,990)	(9,223)	(21,742)
Transfer of listing expenses	**–**	–	(6,253)	–	–
Other gain (loss)	**926**	(1,698)	–	–	–
Finance costs	**(1,156)**	(1,249)	(274)	(7)	(56)
Profit (loss) before taxation	**6,006**	(23,796)	23,410	29,259	5,223
Income tax (expenses) credit	**(1,119)**	3,143	(4,339)	(5,174)	(3,574)
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	**4,887**	(20,653)	19,071	24,085	1,649
Non-current assets	**6,149**	9,094	992	1,100	712
Current assets	**174,665**	186,717	198,738	163,611	144,743
Current liabilities	**65,925**	85,822	69,073	52,890	57,613
Net current assets	**108,740**	100,895	129,665	110,721	87,130
Total assets less current liabilities	**114,889**	109,989	130,657	111,821	87,842
Non-current liabilities	**96**	83	98	333	439
Net assets	**114,793**	109,906	130,559	111,488	87,403
Capital and reserves					
Share capital	**8,000**	8,000	8,000	8,000	8,000
Reserves	**106,793**	101,906	122,559	103,488	79,403
Total equity	**114,793**	109,906	130,559	111,488	87,403